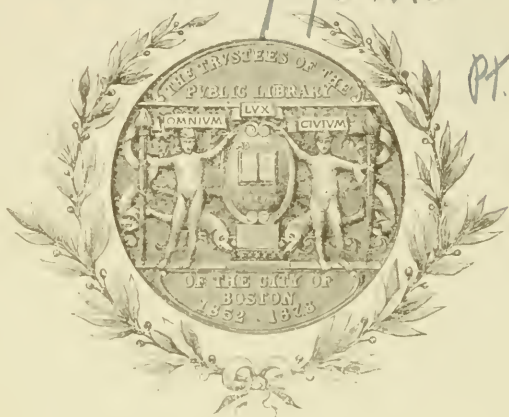




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# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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## HEARINGS

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE

UNITED STATES SENATE

EIGHTY-FIRST CONGRESS

SECOND SESSION

AND

EIGHTY-SECOND CONGRESS

FIRST SESSION

PURSUANT TO

## S. Res. 202

(81st Congress)

A RESOLUTION AUTHORIZING AN INVESTIGATION OF  
ORGANIZED CRIME IN INTERSTATE COMMERCE

---

### PART 10

---

### NEVADA-CALIFORNIA

---

NOVEMBER 15, 16, 17, 18, 20, 21, 22, 27, AND  
DECEMBER 13, 1950; FEBRUARY 27, 28, AND  
MARCH 2, 3, 1951

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Printed for the use of the Special Committee To Investigate  
Organized Crime in Interstate Commerce





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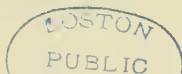
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UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1951



U. S. SUPERINTENDENT OF DOCUMENTS

MAY 18 1951

SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN  
INTERSTATE COMMERCE

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HERBERT R. O'CONOR, Maryland

CHARLES W. TOBEY, New Hampshire

LESTER C. HUNT, Wyoming

ALEXANDER WILEY, Wisconsin

RUDOLPH HALLEY, *Chief Counsel*



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# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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WEDNESDAY, NOVEMBER 15, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Las Vegas, Nev.*

CONFIDENTIAL

The committee met, pursuant to call of the chairman, in Las Vegas, Nev., at 10 a. m., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley. Also present: Rudolph Halley, chief counsel; H. G. Robinson, associate counsel and chief investigator; William G. Ruymann, special counsel; Herbert Van Brunt, special representative to the committee; Julius Cahn, administrative assistant to Senator Alexander Wiley.

## EXECUTIVE SESSION

The CHAIRMAN. Do you have a resolution prepared, Mr. Halley?

Mr. HALLEY. Could we have a resolution in the record that one of the committee members would propose such a resolution, to read as follows:

That the chairman is hereby authorized to hold at his discretion subcommittee meetings in the States of Nevada and California, to appoint proper subcommittees to meet in the States of Nevada and California, and that such subcommittees may consist of one or more members of the committees, and that one committee member shall constitute a quorum for the purpose of swearing witnesses, taking testimony, and all other business pertinent to the hearings of this committee.

Senator WILEY. Move for the adoption of the resolution.

The CHAIRMAN. Second the motion? All in favor say "Aye." Let it be known by saying "Aye."

Let the record show that the motion was made by Senator Wiley, seconded by Senator Tobey, unanimously passed by Senators Wiley, Tobey, and Kefauver.

The Chair designates subcommittee consisting of Senators Tobey, Wiley, and himself to hold hearings in the State of Nevada and the State of California, and also the Chair may appoint, as set forth in the resolution, one member of such subcommittee to swear witnesses and to take sworn testimony.

Anything else for the record that we need?

Mr. HALLEY. Nothing.

## TESTIMONY OF WILLIAM J. MOORE, LAS VEGAS, NEV.

The CHAIRMAN. Mr. Moore, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MOORE. I do.

Mr. HALLEY. Mr. Moore, your full name is William R. Moore?

Mr. MOORE. William J. Moore.

Mr. HALLEY. What is your address?

Mr. MOORE. 710 South Eighth Street, Las Vegas, Nev.

Mr. HALLEY. What is your occupation?

Mr. MOORE. Hotel executive.

Mr. HALLEY. With what hotel are you connected?

Mr. MOORE. Hotel Last Frontier.

Mr. HALLEY. Do you hold any public office in the State of Nevada?

Mr. MOORE. I am a member of the Nevada Tax Commission.

Mr. HALLEY. How long have you been a member of that commission?

Mr. MOORE. Approximately three and a half years.

Mr. HALLEY. Are you chairman of that commission?

Mr. MOORE. No.

Mr. HALLEY. Have you ever been chairman?

Mr. MOORE. No.

Mr. HALLEY. Mr. Moore, are you acquainted with the history of the investigation conducted in the State of Nevada which resulted in the passage of the race wire service law which became effective July 1, 1949?

Mr. MOORE. Yes.

Mr. HALLEY. Would you tell the committee what led to the holding of hearings regarding the race-wire law in the State of Nevada, what facts and circumstances led to it, and in general describe the proceedings which were held?

Perhaps, first you should state the position you held and the part you took in those proceedings.

Mr. MOORE. At the time the proceedings took place, I was acting as a member of the Nevada Tax Commission representing business. I was appointed to the Nevada Tax Commission before the legislature turned the administration of the issuance of licenses and control of gambling over to the tax commission.

Serving as a member of this Nevada Tax Commission, we received a letter from the local district attorney stating that conditions were bad in the race horse book business in Las Vegas.

Mr. HALLEY. You are referring to Robert E. Jones?

Mr. MOORE. Yes.

Mr. HALLEY. District attorney of Clark County?

Senator WILEY. When you say "local," do you mean the Federal or the State?

Mr. MOORE. County attorney.

Mr. HALLEY. He wrote on approximately, would you say, October 23, 1948, or thereabouts?

Mr. MOORE. I do not remember the date, but we did receive a letter from Robert E. Jones.

Mr. HALLEY. Did he state that the situation was fraught with danger to the public peace?

Mr. MOORE. Yes.

Mr. HALLEY. And he pointed out that the condition could result in very unfavorable publicity to the State of Nevada, did he not, sir?

Mr. MOORE. As I remember, yes.

Mr. HALLEY. Can you state what led to such a letter on the part of the district attorney? About a year previously a man named Benjamin Siegel had been killed; is that correct?

Mr. MOORE. Yes.

Mr. HALLEY. Was he not one of the owners of the Flamingo Hotel?

Mr. MOORE. Yes.

Mr. HALLEY. Do you know what other interests he had in the State of Nevada?

Mr. MOORE. To my knowledge, he owned an interest in the race book in the Golden Nugget, and several other race books in the community.

Mr. HALLEY. Did he not also have an interest in the racing wire service?

Mr. MOORE. At one time I believe he attempted to establish his own service.

Mr. HALLEY. Did not your hearing show that he exercised considerable powers over the decision as to who would have racing wire service in the Las Vegas area?

Mr. MOORE. Yes.

Mr. HALLEY. Following his assassination in 1947, was there a period of flux, particularly in and about the city of Las Vegas, with regard to the racing wire service?

Mr. MOORE. What do you mean by "flux"?

Mr. HALLEY. Well, things were unsettled, weren't they?

Mr. MOORE. Yes.

Mr. HALLEY. Was it that which led the district attorney to feel that there might be an outbreak of gang warfare?

Mr. MOORE. I presume so.

Mr. HALLEY. What do you know of your own knowledge, Mr. Moore, of it?

Mr. MOORE. To my own knowledge, I knew very little because at that particular time we did not have a race-book operation in the hotel. However, I can only state what I was told by numerous operators that Mr. Siegel said who was to get race-book service and who was not to get it.

Mr. HALLEY. Those whom he said could not have it just didn't get it; is that what occurred?

Mr. MOORE. They didn't get it, and some of them were very unhappy about it, and from time to time probably went to the district attorney to put in their gripes.

Mr. HALLEY. Would you say that it became known that in return for giving people race wire service, Siegel would demand an interest in the proceeds of such service?

Mr. MOORE. I believe the hearing pointed that out.

Mr. HALLEY. In other words, he seemed to have the say-so on who would get the wire service; is that right so far?

Mr. MOORE. That is right.

Mr. HALLEY. And those who got it would have to allow him to participate in the profits of their racing book?

Mr. MOORE. That is what the hearing brought out; yes.

Mr. HALLEY. So the people who were not getting such service were bitterly opposed to Siegel; is that right?

Mr. MOORE. Yes.

Mr. HALLEY. After Siegel's death, a man named Rosen, Benjamin Rosen, came to Las Vegas; is that right? Morris Rosen?

Mr. MOORE. Morris Rosen; yes.

Mr. HALLEY. Did Rosen succeed to many of Siegel's interests in the wire service?

Mr. MOORE. Frankly, I believe the hearing pointed out that Rosen and Sedway and a brother of Benjamin Siegel—I can't recall his name——

Mr. ROBINSON. Soloway.

Mr. MOORE. Took over the interests of the Golden Nugget and—and I believe the Frontier Club. I am not positive about that.

Senator WILEY. Were these local characters?

Mr. MOORE. Three of them had been here for quite some time. In fact, probably—one of them practically ever since the inception of the race wire in Las Vegas. His name was Sedway.

Rosen came in here from the East, to my knowledge.

Mr. HALLEY. He came about a week after the murder of Siegel; is that right?

Mr. MOORE. I don't know exactly when he did come, but I know that he came in here.

Mr. HALLEY. And he took, in effect, Siegel's place in the race-wire picture? Would that be right?

Mr. MOORE. He took over the interests of the Golden Nugget and the Frontier Club and, supposedly—at least in the hearing—a fellow by the name of Connie Hurley at that time had the race-wire service.

Mr. HALLEY. In connection with the Frontier Club, were they not having some difficulties with the Stearns brothers with regard to racing-wire service? The Stearns brothers had a club right next door; didn't they?

Mr. MOORE. Yes; the Stearns brothers had a club next door.

Mr. HALLEY. Was that called the Santa Anita Club?

Mr. MOORE. That is right.

Mr. HALLEY. And they got to the point where they stole the racing-wire service from the Frontier Club?

Mr. MOORE. That is right.

Mr. HALLEY. They put a microphone in the Frontier Club so that when the racing results were announced in the Frontier Club they could be heard at the Santa Anita Club; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. And the Frontier Club groups went to the Federal Communications Commission and the Federal district attorney in an effort to have them prosecuted; is that right?

Mr. MOODY. I frankly do not remember who went to the Federal Communications Commission, but somebody did.

Mr. HALLEY. All of this was resulting in great bitterness; is that right?

Mr. MOORE. Building up to pitched battle, frankly.

Mr. HALLEY. Did the Governor, Governor Pitman, order hearings in October of 1948, here in Las Vegas?



Mr. MOORE. Yes.

Mr. HALLEY. At those hearings the various people connected with the racing-wire service were heard; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Growing out of those hearings was it recommended to the State legislature that the Nevada gambling law and the Nevada race-wire-service law and the Nevada parimutuel law be passed and put into effect; is that correct?

Mr. MOORE. No; that isn't exactly correct.

Mr. HALLEY. Will you state the correct facts, then?

Mr. MOORE. In this State, to my knowledge, the Nevada Tax Commission has never made a recommendation to the legislature concerning laws to be enacted.

Senator WILEY. Did the Governor make the recommendations after those hearings?

Mr. MOORE. I didn't read the Governor's message, so, frankly, I cannot state. I might say that—

Senator WILEY. They passed them, anyway?

Mr. MOORE. They passed them. I, individually, instituted the gambling law and saw that it was introduced to members of the legislature, and an attorney in Reno, Nev., drafted the original race-book bill that is now in effect, and through members of the legislature led to such.

Mr. HALLEY. The law requires the licensing of all gambling establishments; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Prior to 1949 was it required that gambling establishments be licensed?

Mr. MOORE. Yes.

Mr. HALLEY. Both in town, the county?

Mr. MOORE. The license in the State and the county, if they happen to be located in the county, or in the city, if they happen to be located in the city.

Mr. HALLEY. Since what year, if you know, has it been necessary that gambling establishments be licensed?

Mr. MOORE. Since 1931, the enactment of the gambling law.

Mr. HALLEY. And does the 1949 law strengthen the older law in any way?

Mr. MOORE. Yes.

Mr. HALLEY. Would you state how?

Mr. MOORE. It is a little hard to state exact things, but I will say frankly, through the State becoming involved in the licensing of gambling and the control of such, and the fact that they had to have a State license before they could get a city or a county license.

Mr. HALLEY. Is that something that did not exist prior to 1949?

Mr. MOORE. I do not remember the year, but it was somewhere—1948 or 1949, somewhere in there.

Mr. HALLEY. You also passed a law requiring that the racing-wire service be furnished on a nondiscriminatory basis; is that correct?

Mr. MOORE. That became—I don't know whether it is part of the law or part of the rules and regulations of the tax commission, but that is essentially correct.

Mr. HALLEY. Well, it is the law, entitled the "Race Wire Service Law." The rates which are charged must be fixed by State tax commission; is that right? or proved by the State tax commission?

Mr. MOORE. They could not be above what they were on a certain date.

Mr. HALLEY. March 1, 1948?

Mr. MOORE. That is right.

Mr. HALLEY. And any increase would have to be approved by the commission?

Mr. MOORE. That is right.

Mr. HALLEY. And the charges to all consumers had to be on the same basis?

Mr. MOORE. I don't remember whether it states that or not. It couldn't be any greater what they were charging. So if they are charging a particular individual \$200 on March 1, 1948, they could never charge him over \$200 without getting approval; or if they were charging another individual \$500 on March 1, 1948, they could not go over that without getting approval.

Mr. HALLEY. They were not allowed to refuse service to anybody who was licensed by the State?

Mr. MOORE. No.

Mr. HALLEY. And they must also have a county and township license, is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Are they required to furnish such service at a reasonable price to be approved by the commission?

Mr. MOORE. They have been required to furnish it at what figure they were furnishing it on March 1, 1948, or less.

Mr. HALLEY. How about new people?

Mr. MOORE. They have done so.

Mr. HALLEY. Where there are new users, who fixes the rate? How do you prevent that rate from being so high as to be discriminatory?

Mr. MOORE. That has never come up.

Mr. HALLEY. Nobody has ever complained about the rate which was asked of them?

Senator WILEY. Discriminatory or confiscatory?

Mr. HALLEY. I said discriminatory as against the user. Also, you would be confiscating his business; it would be both.

Senator WILEY. I don't think the record is very clear when you talk about the rate as to just what you mean.

Mr. HALLEY. We are talking about the charge which is made generally on a weekly basis by the operators of the racing-wire information service to the operator of a betting room or a horse book. Those charges are made weekly.

Senator WILEY. I think that clears it up, at least in my own mind.

Mr. MOORE. What was your question again?

Mr. HALLEY. The question before you was whether you had any complaints from any users of racing service that discriminatory prices were being charged.

Mr. MOORE. Frankly, I have been told that, by an operator, that he wrote a letter to Carson City complaining about the rate.

Mr. HALLEY. But nothing has been done by the commission?

Mr. MOORE. I have not seen that letter and, frankly, I have neglected to ask the secretary of the commission if he ever got the letter.



Mr. HALLEY. How long ago were you told about it?

Mr. MOORE. About 3 weeks ago.

Mr. HALLEY. Who was the operator or who complained?

Mr. MOORE. The operator that complained was Connie Hurley. I might explain, however, that during the time that this—of this hearing—Connie Hurley controlled the race-wire service. That is, he was the local representative.

Mr. HALLEY. He was registered as the owner; was he not?

Mr. MOORE. I presume; yes.

Mr. HALLEY. For the record, At this time what was the name of the service he controlled?

Mr. MOORE. That I do not remember.

Mr. HALLEY. Go ahead.

Senator WILEY. Mr. Halley, may I interrupt here again? Do I understand now that what happened was this: That you have passed this law that the charge was fixed by the State through the tax commission for the wire service in each individual case. In other words, the wire service had nothing to do with fixing the charge; is that right?

Mr. MOORE. That is right.

Senator WILEY. Are you sure that they all played fair, or there weren't any rebates or there weren't some overcharges by anybody?

Mr. MOORE. No, frankly.

Senator WILEY. You don't know?

Mr. MOORE. I don't know.

Senator WILEY. Who was in control of the wire service?

Mr. MOORE. Do you mean after the law went into effect?

Senator WILEY. Yes.

Mr. MOORE. There was a fellow by the name of Dunne.

Senator WILEY. Where does he live?

Mr. MOORE. That was appointed.

Senator WILEY. Where does he live?

Mr. MOORE. He lives here in Las Vegas; James Dunne. He was appointed by whoever controls the wire service.

Senator WILEY. He was appointed by the owners of the wire service?

Mr. MOORE. Yes.

Senator WILEY. Who are they?

Mr. MOORE. That I don't know.

The CHAIRMAN. Is it Continental Press that comes in here?

Mr. MOORE. I think so; yes.

Mr. HALLEY. It is now Continental. It comes from Arizona.

Senator WILEY. May I interrupt again? Were there fixed rates by the commission depending upon, apparently, the number of clients served, or how was that done? How did they arrive at that?

Mr. MOORE. Fellow, there has never been a meeting of all of the race-book operators called by the tax commission, and we assume that if somebody had a squawk concerning the race wire service charge, that we would hear from him.

Senator WILEY. What was the State's take altogether? Do you know what it amounted to?

Mr. MOORE. Do you mean from licensing the race wire service?

Senator WILEY. Yes.

Mr. MOORE. Frankly, I do not know.

Senator TOBEY. Are most of these gamblers and bookmakers crooked?

Mr. MOORE. No.

Senator TOBEY. Are most of them members of high integrity?

Mr. MOORE. Well, it depends on how you describe "high integrity."

Senator TOBEY. You know what integrity is as well as I do: character.

Mr. MOORE. I would say that it is probably like any other profession. There are some——

Senator TOBEY. No more in this business than there are in any commercial line?

Mr. MOORE. Yes, I would say a few more shady characters.

Senator TOBEY. What hope do you ever see of getting rid of them?

Mr. MOORE. That I have never thought of.

Senator TOBEY. Would that be a desirable thing, in your judgment?

Mr. MOORE. Some individuals, maybe, yes.

Senator TOBEY. For the common good, I mean.

Mr. MOORE. Yes.

Senator TOBEY. How much does your establishment pay for the service?

Mr. MOORE. For the race-wire service?

Senator TOBEY. Yes.

Mr. MOORE. Approximately \$200 per month. It is just a new establishment and it was just started, and frankly it was started at too low a rate in comparison to other large establishments, and we were told by Mr. Dunne at the time we put the race book in there that within a reasonable length of time, after it had a chance to build up any amount of business, that we would go on the same rate that the larger downtown clubs did.

Senator TOBEY. It might interest you to know, Mr. Moore, that we examined the Continental Press directors and officials in Washington, and asked how many receivables they had, and they had 20 or 24 receivables. The first name on his list, we asked them what they paid for the service, and it may surprise you that they said \$6,000. And I said, "\$6,000 a year?"

"Oh, no, \$6,000 a week."

So there is one that pays \$312,000 a year to Continental Service. Does that surprise you?

Mr. MOORE. No.

Senator TOBEY. \$312,000 a year?

Mr. MOORE. That doesn't surprise me.

Senator WILEY. Is that all you have paid, this \$200 a month?

Mr. MOORE. That is approximately it. It may be \$225.

Senator TOBEY. There is no other under-the-table arrangement of any kind?

Mr. MOORE. No.

Senator TOBEY. Is there anyone coming around from the service and attempting to blackmail you for anything?

Mr. MOORE. No.

The CHAIRMAN. Who do you make your checks to for the service?

Mr. MOORE. Frankly, fellow, the auditor handles that, and I cannot answer. I presume to James Dunne.

Senator TOBEY. Mr. Witness, you are the chairman of the tax commission, aren't you?

Mr. MOORE. No.

Senator TOBEY. What is your position?

Mr. MOORE. I represent business on the tax commission.

Senator TOBEY. That interests me. How many members are on the tax commission?

Mr. MOORE. Seven.

Senator TOBEY. And one represents business?

Mr. MOORE. Yes.

Senator TOBEY. What do the others represent?

Mr. MOORE. One represents mining, one represents——

Senator TOBEY. Wouldn't mining come under the spur of business? What is your definition of business in that category there?

Mr. MOORE. Frankly, I only know how the commission is set up, fellow, and I can tell you.

Senator TOBEY. How were you appointed, by the Governor?

Mr. MOORE. Yes.

Senator TOBEY. To represent business?

Mr. MOORE. Yes.

Senator TOBEY. What are the other classifications? Mining and what else?

Mr. MOORE. Mining, cattle, industry, land, banks, and a member or the head of the publishing service commissions, a member, which would control the utilities and the Governor.

Senator TOBEY. How much control does the tax commission have over gambling and books in this State?

Mr. MOORE. Enough control that you could put them all out of business.

Senator TOBEY. Then the question comes about these tariffs; they vary tremendously, don't they, from nothing up to 100, we'll say, the ratio? Wouldn't it seem to indicate that you, as a member of the commission, that the important thing to do would be to have a system of tariffs that was uniform?

Mr. MOORE. No; and the principal reason being that business isn't uniform.

Senator TOBEY. Well, all business, do you mean?

Mr. MOORE. No, the gambling business, the book business.

Senator TOBEY. They all get the same facilities, don't they?

Mr. MOORE. They get the same facilities.

Senator TOBEY. Doesn't individual initiative count in there, and personality?

Mr. MOORE. Not necessarily. The amount of the investment, the size of the club, the amount of money that a man has to spend on advertising, and so forth. It is just like any other business.

Senator TOBEY. It gives you tremendous powers for good or evil, to buy favor and curry favor. You can put the juice on one man and enrich the other man, can't you? You can impoverish a certain man and you can crown others, can't you?

Mr. MOORE. No.

Senator TOBEY. Why can't you?

Mr. MOORE. It isn't worked on that basis. In other words, it must be a fair and square deal.

Senator TOBEY. It is a square deal that one man gets it for \$200 a month and another man pays \$6,000?

Mr. MOORE. I don't know of any man that pays \$6,000.

Senator TOBEY. To me, a lay mind, it seems like a tremendous disparity, not only in the ethics but in justice.

Mr. MOORE. To start with, fellow, the rates are limited as to what they were paying in March 1948, and they cannot charge a rate higher than that.

Mr. HALLEY. You could authorize them to?

Mr. MOORE. We could authorize them to, but we have not done so.

Senator TOBEY. You have been rather passive, rather than active?

Mr. MOORE. We have been very active, as far as the gambling and race horse business is concerned.

Senator TOBEY. Who dominates the tax commission?

Mr. MOORE. No domination.

Senator TOBEY. Rule of majority, is that it?

Mr. MOORE. That is right.

Senator TOBEY. Who is chairman?

Mr. MOORE. The Governor.

Mr. HALLEY. How many licenses have you refused to issue since the commission has had the licensing power?

Mr. MOORE. That I couldn't tell you, the number. I would say several hundred.

Mr. HALLEY. Have you revoked any licenses?

Mr. MOORE. Possibly 75 to 100.

Mr. HALLEY. In what cases have you refused to issue licenses?

Mr. MOORE. There are numbers of things, but the main thing is the man's background, essentially.

Senator TOBEY. His character, in other words?

Mr. MOORE. His character.

Senator TOBEY. Or lack of it?

Mr. MOORE. That is right. That is, in our judgment, as members of that board. Whether or not our judgment is correct, that is something else again.

Mr. HALLEY. And there you have full discretion, is that right?

Mr. MOORE. That is right.

Mr. HALLEY. You refused to license James Carroll of St. Louis this spring, did you not?

Mr. MOORE. That is right.

Mr. HALLEY. Is that one example?

Mr. MOORE. That is right.

Mr. HALLEY. On what basis did you refuse to license him?

Mr. MOORE. Principally because of his national prominence in the race book business.

Mr. HALLEY. Does that affect his character?

Mr. MOORE. No, but that is the reason that the license was refused.

Mr. HALLEY. Then you have the widest of discretion, is that right?

Mr. MOORE. That is right.

Mr. HALLEY. He had no previous convictions, had he?

Mr. MOORE. Not to my knowledge.

Mr. HALLEY. Did he have any criminal record?

Mr. MOORE. Not to my knowledge.

Mr. HALLEY. You have a number of licensees here who have criminal records, do you not?



Mr. MOORE. That is right.

Senator TOBEY. Isn't that a bar sinister to give him a license. Shouldn't it be a condition precedent to giving him a license, that the man is clean and has no criminal record?

Mr. MOORE. Frankly, no. That is my opinion.

Senator TOBEY. Your standards are different than some of ours.

Mr. MOORE. In my opinion.

Mr. HALLEY. In fact, you have some licensees here—you have certain licensees here who are in fact refugees, fugitives from justice in other States, is that correct?

Mr. MOORE. Not to my knowledge.

Mr. HALLEY. Don't you have some licensees who at the present time are here because they cannot be extradited from the State of Nevada?

Mr. MOORE. Not to my knowledge.

Mr. HALLEY. How about Binyon?

Mr. MOORE. He is not a licensee.

Mr. HALLEY. Doesn't he run an operation here?

Mr. MOORE. No, not at the present time. He did at one time.

Senator WILEY. What is your profit on bookmaking in a year, if you pay \$2,400 or \$2,500 a year to the State?

Mr. MOORE. Frankly, fellow, I have been in business only about 2 months, as far as race business is concerned, so I couldn't tell you what a year. I could tell you what we made in the month of October in the way of department profit before depreciation, amortization, or insurance was charged.

Senator WILEY. How much?

Mr. MOORE. About \$3,400.

Senator WILEY. A month?

Mr. MOORE. Yes.

Senator WILEY. Net, do you mean?

Mr. MOORE. Net; that is department profit.

Mr. HALLEY. What, if you know, does the Flamingo pay for its racing book service?

Mr. MOORE. I do not know exactly.

Mr. HALLEY. There was a time when the Flamingo had its service free, is that right, during the Bugsy Siegel days?

Mr. MOORE. I believe that in that hearing it came out that for a time they did get free service.

Mr. HALLEY. The Flamingo, in other words, paid nothing?

Mr. MOORE. I might explain, if you would allow me to do so. The line of questioning you started on considering Connie Hurley and a letter that he wrote to the tax commission concerning service; he was the owner of the service. He paid so much money to Continental Press. He charged the other operators a certain amount of money, and what was left he paid himself. In other words, it was approximately \$150 a month out of the book that he was operating in one of the downtown spots. So, frankly, Hurley was getting what was equivalent to a rebate because he was the operator or local representative of the wire service.

Mr. HALLEY. As a member of the commission, do you think it is wise to allow the people operating the wire service to have any connection whatsoever with a book?

Mr. MOORE. No.

Mr. HALLEY. Where is Connie Hurley's home?

Mr. MOORE. Connie Hurley has no connection with the Continental Press any more.

Mr. HALLEY. When did he discontinue his connection?

Mr. MOORE. At the time that law was passed.

Mr. HALLEY. I don't quite understand what his complaint was. What did he have to pay to the wire service?

Mr. MOORE. I imagine somewhere in the neighborhood of \$348 or \$368 a month.

Mr. HALLEY. In other words, they give him a salary of \$150 a week and whatever is left over he pays them?

Mr. MOORE. Well——

Mr. HALLEY. It is a varying amount, is that right?

Mr. MOORE. No, you have got it mixed up.

Mr. HALLEY. Let's get it again.

Mr. MOORE. In other words, Hurley was the — at the time the hearing was called he was the local representative of Continental Press.

Mr. HALLEY. He was listed as the owner of the Nevada Publishing Co., the Continental distributor here.

Mr. MOORE. All right. He paid Continental Press a certain amount of money per week. What that amount of money is, I don't remember. At that time he was also operating a race book. He charged the other operators a certain amount of money, which amount of money I do not remember, and what he didn't charge the operators he paid out of his race book——

Mr. HALLEY. Oh, I see.

Mr. MOORE. Which was approximately \$150 a month. In other words, frankly, he was his own—his race book was getting special treatment, frankly.

Mr. HALLEY. How does that carry over, now that his race book pays more?

Mr. MOORE. His race book at the present time is paying approximately what other operators of the same type were paying. However, I was told that the letter is up there, and as soon as we have time to do something about it we will have to call a hearing and get Connie Hurley and James Dunne up there and straighten it out.

Mr. HALLEY. In other words, Hurley simply wanted to get back to his 1948 rate; is that right——

Mr. MOORE. Which was \$150 a week.

Mr. HALLEY. Which was discriminatory in his favor?

Mr. MOORE. Yes.

Mr. HALLEY. Have you had no complaints about people who have been charged exorbitant rates, too high, Mr. Moore?

Mr. MOORE. To my knowledge, no.

Mr. HALLEY. There have been no such complaints that you know of?

Mr. MOORE. No.

Senator WILEY. Before this law went into effect, how many folks were engaged in the booking business, and so forth?

Mr. MOORE. Approximately six or seven establishments.

Senator WILEY. How many since?

Mr. MOORE. I believe, if I am not mistaken, there are approximately, somewhere between 12 and 15 outlets in Las Vegas at the present time.



Senator WILEY. Now, then, in your judgment, has the quality of the operators been bettered or worsened by the law?

Mr. MOORE. I would say bettered. I will qualify that statement. You are talking about the quality of the operators. In other words—

Senator WILEY. The ones that get the licenses.

Mr. MOORE. The fellows that get the licenses. I would say that the fellows who have gotten the new licenses were people that were operating clubs here in the State before the law went into effect.

Senator WILEY. How many of them were nonresidents?

Mr. MOORE. Very few of them.

Senator WILEY. Out of the 15, how many?

Mr. MOORE. There are no nonresidents unless it happens to be a member of a corporation.

Senator WILEY. Was one of the features, then, of the law that you increased the number of operators under license from 7 to 15?

Mr. MOORE. Yes.

Senator WILEY. Is that what you mean?

Mr. MOORE. Well, here is the whole thing in a nutshell. When the law went into effect, there were numbers of people operating clubs in the community that could not get a license—not a license.

Senator WILEY. Service?

Mr. MOORE. Scratch that. Could not get service, so when the law went into effect they applied for service and applied for a license, which was automatically increased—which automatically increased the number of outlets in the community.

Senator WILEY. Does the law pay for itself?

Mr. MOORE. Does what?

Senator WILEY. Does the law, as you have passed it now, pay for what you collect?

Mr. MOORE. Oh, most assuredly.

The CHAIRMAN. Anything else?

Mr. HALLEY. Mr. Moore, how long have you been connected with the Last Frontier Hotel?

Mr. MOORE. Ever since its inception. I was the architect on the construction.

Mr. HALLEY. When was that?

Mr. MOORE. We finished it—opened it in October of 1942.

Mr. HALLEY. What had been your business prior to 1942?

Mr. MOORE. I was an architect.

Mr. HALLEY. For how long?

Mr. MOORE. About 4½ years, in Dallas, Tex.

Mr. HALLEY. Prior to that?

Mr. MOORE. Prior to that, I was going to school at Oklahoma A. & M. College and working in the construction business.

Mr. HALLEY. You came to Nevada in 1942?

Mr. MOORE. 1941.

Mr. HALLEY. 1941; and proceeded to build the Last Frontier Hotel; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Who are your associates there?

Mr. MOORE. The president of our company is H. J. Griffith, who lives in Dallas, Tex., and he is also connected with a large chain of theaters back through the Middle West.

Mr. HALLEY. Who are the other principals?

Mr. MOORE. The vice president of the corporation is myself, and there are 10 other members of the organization. Barron, who operates our gambling, he originally came from Texas, but came to Las Vegas from California. And all of the other members—I can name them, if you like.

Mr. HALLEY. Would you submit to the committee a list instead at some time today?

Mr. MOORE. Yes.

Mr. HALLEY. What interest have you, what percentage?

Mr. MOORE. In the Last Frontier?

Mr. HALLEY. Yes.

Mr. MOORE. I own approximately one-twelfth of the stock of the operating company, and I own 408 shares of the owning company. I am the only member of the operating company that holds stock in the owning company.

Mr. HALLEY. Who else owns stock in the owning company with you?

Mr. MOORE. The principal man of the stock is owned and controlled by the theater organization in Dallas, Tex.

Mr. HALLEY. Did they provide the capital, Griffith?

Mr. MOORE. Yes.

Mr. HALLEY. How much capital was provided?

Mr. MOORE. Well, I believe the book value of the hotel at the present time is about \$2,600,000, in that neighborhood.

Mr. HALLEY. Did the theater chain provide all of that capital?

Mr. MOORE. Originally the capital was provided by R. E. Griffith, and then Mr. Griffith passed away, and through his estate the theater company acquired his estate, through purchase, and that is the way they acquired the stock in the hotel.

Mr. HALLEY. Does the owning company, then, lease the premises to an operating company?

Mr. MOORE. Yes.

Mr. HALLEY. And the operating company consists of 11 men?

Mr. MOORE. Twelve men.

Mr. HALLEY. Twelve men?

Mr. MOORE. Eleven besides myself.

Mr. HALLEY. And you have a one-eighth interest in the operating company; is that right?

Mr. MOORE. No; I have a one-twelfth.

Mr. HALLEY. It is evenly divided; is that right?

Mr. MOORE. Yes.

Mr. HALLEY. Does the operating company operate both the hotel and the gambling? Is it all one operation?

Mr. MOORE. It is all one operation.

Mr. HALLEY. Are there no special concessions whatsoever for gambling?

Mr. MOORE. We have a deal on slot machines with a local man here.

Mr. HALLEY. Who is that?

Mr. MOORE. Harry Farnow, F-a-r-n-o-w.

Mr. HALLEY. What type of deal is that?

Mr. MOORE. He supplies new machines every 2 years and gets 15 percent of the take.

Mr. HALLEY. Does he take care of the machines, too?

Mr. MOORE. He keeps them repaired, and so forth.

Mr. HALLEY. Who actually takes the money out of them?

Mr. MOORE. He and one of our representatives.

Mr. HALLEY. Together?

Mr. MOORE. Yes.

Mr. HALLEY. Do you have any other concessions?

Mr. MOORE. In the gambling?

Mr. HALLEY. Yes.

Mr. MOORE. Yes; there is a fellow by the name of Waterman that has 50 percent interest in the penny roulette; a fellow by the name of Phillips that has a 50 percent interest in the commission room.

Mr. HALLEY. Who is Phillips?

Mr. MOORE. He came out of California, fellow.

Mr. HALLEY. Why do you have these concessions? Let's take the slot machines first. Certainly the investment is not such that your own company could not make it; is it?

Mr. MOORE. No. The principal reason being that the man knows the business backward. He knows where to place the machines. He is a merchant in that particular line, and the fact that if he supplies new machines every 2 years, which you need if you get any activity on them at all, taking everything into consideration, he makes about 6 or 7 percent on his investment: so, frankly, it is a lot less trouble for us, and we are willing to let him make the 6 or 7 percent rather than have to mess with them ourselves.

Mr. HALLEY. Could you buy the machines if you wanted to? Are they available on the market?

Mr. MOORE. Oh, sure.

Mr. HALLEY. Can anybody buy a machine and set it up in this State?

Mr. MOORE. Yes, as long as they have a license.

Mr. HALLEY. Would you explain why you have the other concessions? Take the commission room.

Mr. MOORE. Well, the penny roulette is an illustration, and the reason we have that concession is that we know nothing on earth about penny roulette, and it is a special game all within itself, and I have seen many people try to operate it and never make a quarter. Others operate it and do all right.

Senator TOBEY. Does this man have a concession in the other hotels? I am speaking of Farnow.

Mr. MOORE. No; I think that is the only concession he has at the present time, but at one time he did have the concession in the El Rancho.

And Phillips on the commission room, frankly, that is a dangerous game. You can win or lose \$200,000 or \$300,000 or more in one day.

Mr. HALLEY. Would you explain what the commission room is?

Mr. MOORE. The commission room is a lay-off room for the race-horse book. In other words, they lay off bets that are received in the race book.

Senator TOBEY. Reinsurance?

Mr. MOORE. Reinsurance, yes.

Mr. HALLEY. Do you lay off all your bets, or only a part?

Mr. MOORE. We lay off the ones we want to lay off.

Mr. HALLEY. What was the answer?

Mr. MOORE. I said we lay off the bets that we want to lay off. In other words——

Mr. HALLEY. You keep some lay-offs, though?

Mr. MOORE. Yes.

Mr. HALLEY. Do you accept any lay-off bets from others? In other words, do you do any lay-off booking?

Mr. MOORE. To my knowledge, no.

Mr. HALLEY. With whom do you lay off?

Mr. MOORE. I presume that he lays off with people all over America. Who the exact people are, I don't know.

Mr. HALLEY. In other words, you lay off in States where gambling is not legal; is that right?

Mr. MOORE. I presume; yes.

The CHAIRMAN. Where does Mr. Phillips have his office, the lay-off man?

Mr. MOORE. Right in the race—right off the race-horse book?

The CHAIRMAN. Does he do the same thing for other books in Las Vegas?

Mr. MOORE. I presume so; yes.

Mr. HALLEY. He has a table with an elaborate set of keys on it so that he can put long-distance calls to cities all over the country; is that not right?

Mr. MOORE. That is right.

Mr. HALLEY. And you have special arrangements with the phone companies that your long-distance calls go through very fast?

Mr. MOORE. He does have. He made those arrangements.

Senator TOBEY. Those long-distance calls from the commission room take precedence over private calls?

Mr. MOORE. Frankly, I can't answer that.

Mr. HALLEY. They go right through in a matter of seconds?

Mr. MOORE. They go right through; I know that.

Mr. HALLEY. He just presses a button and he is there.

Senator TOBEY. So that the time that might elapse if a man wanted to place a million dollars in lay-off bets with——

Mr. MOORE. Might be only a matter of minutes anyplace.

Senator TOBEY. It is done by word of mouth? He accepts it and it is all done?

Mr. MOORE. That is right.

Senator TOBEY. Is it confirmed by letter or telegraph?

Mr. MOORE. No.

Senator TOBEY. It is all a matter of yes or no?

Mr. MOORE. That is right.

Senator TOBEY. Is there any reneging?

Mr. MOORE. At times there have been in such operations, but as far as Phillips is concerned, I doubt it.

The CHAIRMAN. He lays off with Carroll, Erickson, and other people?

Mr. MOORE. He lays off with a lot of people, fellow. Exactly who they are, I don't know. If I did, I would tell you.

Mr. HALLEY. For the committee's information, it is presumed, I believe, that the general set-up is the same in all of the hotels and gambling establishments, is it not, the technical arrangements?

Mr. MOORE. What do you mean?



Mr. HALLEY. For instance, the commission rooms, the horse room.

Mr. MOORE. Well, in some places, yes; in some places, no. The gambling—the Flamingo Hotel, I think, has a commission room. I don't know about the others, frankly, but I don't think that any of the other hotels have a commission room.

Mr. HALLEY. How do they handle their lay-off?

Mr. MOORE. They handle it through somebody. Exactly who, I don't know.

Mr. HALLEY. For the committee's information, if they have time, would it be possible for them to see the commission room and the remaining parts of the establishment at the Last Frontier?

Mr. MOORE. Sure.

Mr. HALLEY. Do you think you could guide them through and show them the various operations?

Mr. MOORE. That is right.

Senator TOBEY. Perhaps the most serious blow that can be struck, providing it is wise to do it, at this professional gambling game, as a national evil, if it is such, would be to make it illegal by Federal law for the transmission of any gambling information by wire service, wouldn't it? That would be a crimp in it, wouldn't it?

Mr. MOORE. That would put a crimp in that racing.

Senator TOBEY. If you were in charge and paid a fee of \$50 to put in something to put them out of business, what would you do?

Mr. MOORE. Frankly, fellow, the law is about the only way—

Senator TOBEY. Would you suggest boycotting or prohibiting lay-off bets? Wouldn't that be a strangle blow to the thing?

Mr. MOORE. You are going to have to get at the wire itself and make it illegal for the telephone companies to supply service, and so forth and so on. You have got to go all the way, if you start.

Mr. HALLEY. If an interstate lay-off bet were illegal and the telephone company were required by law to give the information to the prosecuting officers, you would pretty well stop it, wouldn't you?

Mr. MOORE. I would say so; yes.

Mr. HALLEY. It would be impossible for the phone company not to know where a large lay-off operation was going on, wouldn't you say that?

Mr. MOORE. I would say practically impossible. Of course, I don't know about the larger operations where they have more mechanical equipment, but I know it would be impossible in this small community.

Mr. HALLEY. We understand, of course, that your local operations within the State of Nevada are legal, and with that in mind would you give the committee in round figures the net profits of the gambling establishments operated by the Last Frontier, say, the last 5 years?

Mr. MOORE. Fellow, I can give you the gross.

Mr. HALLEY. What would the gross be?

Mr. MOORE. The gross in all operations in the Last Frontier including gambling last year—

Mr. HALLEY. By "gross" do you mean gross profits?

Mr. MOORE. Gross dollars taken in.

Mr. HALLEY. What is that, first? Let's get that figure.

Mr. MOORE. Approximately \$4,000,000.

Mr. HALLEY. That is the gross receipts?

Mr. MOORE. That is the gross receipts in food, beverages, gambling.



Mr. HALLEY. Everything?

Mr. MOORE. Everything.

Senator TOBEY. All income?

Mr. MOORE. That is right.

Mr. HALLEY. What is the gross profit for the last year?

Mr. MOORE. That, frankly, I don't remember. I know we—

Mr. HALLEY. What did you make last year?

Mr. MOORE. We showed approximately 100 and—as I remember, \$135,000 net profit.

Mr. HALLEY. For the entire operation?

Mr. MOORE. That is right.

Senator TOBEY. It wasn't very much, was it?

Mr. MOORE. No.

Mr. HALLEY. How much rent is paid to the owning company?

Mr. MOORE. The original rent was approximately \$10,000 a month. However, the owning company has built a number of buildings since the original lease was made and it is now—we are now paying approximately \$14,000 a month.

Mr. HALLEY. They get no percentage of the gross or the net?

Mr. MOORE. No.

Senator WILEY. Who owns it?

Mr. MOORE. Who owns the hotel?

Senator WILEY. No, the holding company. Who are the big stockholders?

Mr. MOORE. It is owned by this theater chain, Theater Enterprises, in Dallas, Tex.

Senator WILEY. You said the Griffith estate. I think you said he died.

Mr. MOORE. Well, we organized a corporation after Griffith's death, and bought theaters and estate, and so forth and so on.

Senator WILEY. I want to find out who the big stockholders are in that.

Mr. MOORE. Well, I think the new organization—I think it is evenly divided between 8 or 10 people.

Senator WILEY. Can you name them?

Mr. MOORE. Well, there is a fellow by the name of Payne, fellow by the name of Harris, Heinscheid, Stocker, R. E. Griffith, Jr., which is the son of the man that passed away. Essentially, those are the principal ones.

Senator WILEY. Are they all residents of Texas?

Mr. MOORE. Most of them, yes.

Senator WILEY. Are they all businessmen?

Mr. MOORE. In the theater business: operate some 200 theaters.

Mr. HALLEY. Do any of the stockholders in the operating company receive salaries?

Mr. MOORE. Yes, I receive a salary.

Mr. HALLEY. What salary is that?

Mr. MOORE. I receive \$10,000 a year plus my food, and 5 percent of the gambling operations after rental is charged, and depreciation, and so forth and so on.

Mr. HALLEY. Let's get this now. Before we get to this \$134,000 net profit, you have received \$10,000 in salary; item 1.

Mr. MOORE. Yes.

Mr. HALLEY. Item 2, your food. Do you live at the hotel, too?

Mr. MOORE. No.

Mr. HALLEY. You do not get your accommodations free, then?

Mr. MOORE. No.

Mr. HALLEY. Item 3 would be 5 percent of the net from the gambling operations?

Mr. MOORE. The way it is figured is all of the direct expenses on the gambling department—we call it a department—all of the direct expenses, including wages and so forth and so on, are taken off of the gross figure, and then one-half of the entertainment and one-half of the advertising, plus rent and maintenance and lights and water, and so forth and so on, are then taken off, and then I get 5 percent of that.

Mr. HALLEY. What did that amount to last year?

Mr. MOORE. My income last year was, approximately, somewhere between \$75,000 and \$84,000, somewhere in that neighborhood.

Senator TOBEY. A minute ago you told us that the income was \$5,000,000 or \$4,000,000 from all sources. What I am getting at is: Was that for 1 year or several years?

Mr. MOORE. One year; \$2,000,000 of that \$4,000,000 came from gambling.

The CHAIRMAN. How about these other 11 partners. Do they receive salaries?

Mr. MOORE. The fellow that operates the gambling department, Barron, receives approximately what is equivalent to about \$12,000 a year in direct wages plus his food.

Senator TOBEY. Is some eastern capital in the enterprises that you control?

Mr. MOORE. No; it is all out of Dallas, Tex., or Las Vegas.

Senator TOBEY. Does the Flamingo compare, if you know, with your earnings, the El Rancho, and so forth?

Mr. MOORE. I would say it depends on what their corporate set-up is and how long their lease runs, and so forth and so on, because if the lease is a short lease you have got a big write-off, and if it is a long lease you have got a slow write-off, so that enters into the net profit, you see. I would say that their gross is one that compares very favorably. What their corporate set-up is and their write-off is and so forth, I would have no way of knowing.

Mr. HALLEY. Have you had better years than last year?

Mr. MOORE. Yes; 1945 was a better year.

Mr. HALLEY. What was your gross in 1945?

Mr. MOORE. I don't remember, fellow, and I don't know that the gross was any better than it was last year, but the net was better.

Mr. HALLEY. The net was better?

Mr. MOORE. Yes, because of not so much write-off, frankly.

Mr. HALLEY. How about other years? Was 1946 a good year?

Mr. MOORE. 1946 was a good year.

Mr. HALLEY. Better than 1949?

Mr. MOORE. That I can't remember.

Mr. HALLEY. Can you furnish the committee—I presume you have a report for each of your years of operation?

Mr. MOORE. A full audit for every year or any month.

Mr. HALLEY. The committee, as one of its purposes in being here, is attempting to get some reliable figures on the operation of a gambling establishment, which is obviously almost impossible to obtain in any other State.

Mr. MOORE. That is right.

Mr. HALLEY. So that if you could give us the annual auditor's report for each year of your operation, we would like very much to have it.

The CHAIRMAN. From 1945.

Mr. HALLEY. From 1942 on.

Senator WILEY. Wouldn't it be a good idea to get a breakdown on food, gambling?

You told us \$2,000,000 of that \$4,000,000 was from gambling?

The CHAIRMAN. Who is Ballard Barron? He is the one that operates the gambling place?

Mr. MOORE. That is right. I might explain further that in addition to his wages of \$12,000 a year, he draws 5 percent of the gambling, too, based on the same——

The CHAIRMAN. Basis that you get your money?

Mr. MOORE. On the same basis that I get mine.

The CHAIRMAN. So he makes approximately the same amount you do?

Mr. MOORE. Approximately, yes.

Senator WILEY. Between \$70,000 and \$80,000 a year?

Mr. MOORE. That is right. Some years, back in 1942, it was considerably less because our gross was less, and so forth and so on.

The CHAIRMAN. I have a note here that he had an interest in some of the gambling ships off the California coast. Is that right?

Mr. MOORE. At one time I think he did, yes.

The CHAIRMAN. He doesn't have it now?

Mr. MOORE. No, there are no such operations now.

Senator TOBEY. Did you know Bugsy Siegel personally?

Mr. MOORE. Yes.

Senator TOBEY. Talked with him, met him?

Mr. MOORE. Yes.

Senator TOBEY. Was a personable fellow?

Mr. MOORE. At times; at other times, kind of hard to get along with.

Senator TOBEY. Was he yellow?

Mr. MOORE. That, I can't say.

Mr. HALLEY. How was the daily gross income from the gambling operations computed? Let us take the crap tables, for instance. Does each table start with a bank roll of its own?

Mr. MOORE. It starts with a bank; yes.

Mr. HALLEY. What allowance is given to each table? Does it vary on different nights?

Mr. MOORE. No; because we work it on the fill basis. In other words, we start off with a certain bank, and, as the money goes out, it goes out, we put what we call a fill in there.

Mr. HALLEY. What is the bank roll for the entire operation?

Mr. MOORE. Well the bank roll in the one casino at the hotel is \$100,000. In the one at the Village it is approximately the same, \$75,000 to \$100,000.

Mr. HALLEY. Would you start each individual table with a certain allowance?

Mr. MOORE. A certain amount of money; yes.

Mr. HALLEY. During the course of the evening do you take back any overage?

Mr. MOORE. We make fills, if they need fills, or we take back overages as the racks come in. We make records of the fills and we make records of the overages as they come back to the casino cage.

Mr. HALLEY. Who does the actual collection?

Mr. MOORE. What do you mean, "collection"?

Mr. HALLEY. Of the money from the tables during the course of the evening.

Mr. MOORE. Well, usually a policeman on our payroll will collect the money or get the boxes. The boxes are locked and they are brought to the casino cage, and the cashier and the manager of the gambling in the hotel counts the money.

Mr. HALLEY. That is recorded, each individual time the box is opened; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. And any additional money sent out to the table is also recorded?

Mr. MOORE. That is right.

Mr. HALLEY. Ordinarily, those chips are cashed in at the cashier's cage; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Is every individual transaction with the cashier where the cashier cashes chips also recorded?

Mr. MOORE. No.

Senator WILEY. Who is your auditor?

Mr. MOORE. Wolf & Co., out of Oklahoma City, principally because they are the auditors for the theater company, and there is a close alliance there, so we tried 40 auditors in this part of the country and they never could do a good job, so we just sent it to Oklahoma City.

Senator WILEY. Are you interested in any other similar enterprise any place?

Mr. MOORE. Am I interested? No; I have no other gambling interests.

Mr. HALLEY. What is the system inside the cashier's cage to safeguard both the individual partners and the Government for taxes? How do you operate?

Mr. MOORE. In what do you mean?

Mr. HALLEY. What control have you got in there?

Mr. MOORE. The casino cashier and the manager of the gambling department count the money and record it.

Mr. HALLEY. Each night?

Mr. MOORE. Each night, as the boxes are taken in.

Mr. HALLEY. And the manager actually stays in the cage?

Mr. MOORE. No; he only goes in the cage when he is called there by the cashier.

Mr. HALLEY. Is he called there every time a box is opened?

Mr. MOORE. Yes.

Mr. HALLEY. And he counts the money with the cashier; is that right?

Mr. MOORE. Yes.



Mr. HALLEY. How do you handle it when somebody walks up to the window with a stack of chips to cash them in? Who records that?

Mr. MOORE. There is no recording of it. We have a record of the number of chips that are on the tables, and that is the only place that people can get any chips.

Mr. HALLEY. Do you have a daily count of the chips?

Mr. MOORE. Yes.

Mr. HALLEY. When chips come into the cage, gambling money is just paid out and no record is kept?

Mr. MOORE. The money is paid out and the chips are racked back up again, and you have got a certain amount of chips all the time. You work with a certain number.

Mr. HALLEY. Where do you get your chips?

Mr. MOORE. We buy them from various companies.

The CHAIRMAN. Anything else?

Mr. HALLEY. Yes. I was getting on to another line. How did you happen to become a member of the State tax commission?

Mr. MOORE. I was appointed there by the Governor. A man by the name of Mannix, in Boulder City, Nev., had become sick, was a member of the commission, and the Governor appointed me to the commission.

Mr. HALLEY. When were you appointed?

Mr. MOORE. Approximately three and a half years ago, May 1.

Mr. HALLEY. Does the commission divide up its functions so that you, as the business representative, have more to say about the licensing of gamblers than the other representatives?

Mr. MOORE. I have no more to say other than I handle the questioning. I handle the investigation and so forth and so on.

Mr. HALLEY. Do you make specific recommendations?

Mr. MOORE. Specific recommendations—but, as far as the voting is concerned, why no.

Mr. HALLEY. We have a list of some of the people who have been operating here. Let's take, for instance, the Bank Club operated by William Graham and James McKay.

Mr. MOORE. Yes.

Mr. HALLEY. Did you issue—recommend the issuance of a license to Graham and McKay?

Mr. MOORE. Frankly, I imagine the motion was made by somebody from Reno.

Mr. HALLEY. Did you vote for a license for Graham and McKay?

Mr. MOORE. Yes.

Mr. HALLEY. Graham and McKay were convicted in the southern district of New York, were they not?

Mr. MOORE. That is right.

Mr. HALLEY. Of a violation of a Federal law.

Mr. MOORE. I presume. I have been told that. I have seen the record.

Mr. HALLEY. They possessed and then altered and then passed Government bonds which had been stolen from the Bank of the Manhattan Co.

Mr. MOORE. I haven't seen the complete run down on the case, fellow. It is a very famous case. It went clear up to the Supreme Court, did it not?



Mr. HALLEY. How would you say that Graham and McKay are qualified after that conviction to operate a gambling establishment in the State of Nevada, or anywhere else?

Mr. MOORE. They are qualified—I wouldn't say they are qualified—

Senator TOBEY. Was that conviction known to the tax commission in Nevada when you voted to give them a license?

Mr. MOORE. Yes.

Senator TOBEY. How do you reconcile that?

Mr. MOORE. To start with, it is an illustration, when a law is passed, we'll say, to protect the people such as the law concerning lawyers, such as the law concerning architects, such as the law concerning engineers, and so forth. There is a certain amount of granddaddy clause in there, isn't there?

Senator TOBEY. Of course, I know the Interstate Commerce Commission has a granddaddy clause. That is the only one I know of.

Mr. MOORE. All the other ones have, too, if you read the laws. In other words, there may be attorneys or there may be gamblers, or engineers, at the time that the law goes into effect that are in business in the State. Just because you get the privilege of controlling the thing, is that any reason why you should put the man out of business, if he is operating in the State of Nevada?

Senator TOBEY. Yes; I think it is; but you and I might differ about that. I think if you have a man that is crooked and shown to be crooked, and a lawbreaker, I wouldn't give him any privilege at all.

What percentage of income from all these enterprises escapes Federal taxation, in your judgment?

Mr. MOORE. Frankly, I have no way of knowing, if any. I frankly doubt if there is very much of it in the State of Nevada.

Senator TOBEY. I just wanted to ask your opinion. Thank you very much for that.

The CHAIRMAN. Anything else, Mr. Halley?

Mr. HALLEY. Yes.

Do you know Sanford Adler?

Mr. MOORE. Yes.

Mr. HALLEY. Does he operate a gambling establishment?

Mr. MOORE. Yes.

Mr. HALLEY. Which one?

Mr. MOORE. Calnev, at Lake Tahoe, and Calnev Club, I believe, in Reno, Nev.

Mr. HALLEY. Are you familiar with his record?

Mr. MOORE. His police record? As I remember it, he was arrested and convicted for stealing some iron, or something like that.

Mr. HALLEY. He has a long list of arrests, does he not, also?

Mr. MOORE. Yes.

Mr. HALLEY. How do you explain his being qualified for a license?

Mr. MOORE. On the same explanation that I made as far as McKay and Graham were concerned.

The CHAIRMAN. Do you mean he was in business before?

Mr. MOORE. He was in business in the State of Nevada at the time the tax commission was given the powers to control the licenses.

Mr. HALLEY. You didn't throw out any of the people who were here?

Mr. MOORE. Are you going to throw out a man with a three-and-a-half-million-dollar investment? In other words, the sheriff gave him a license. He has been operating in the State several years. You can't correct overnight a situation that existed prior to your enactment of a new law.

In my opinion——

Mr. HALLEY. Let's see who that left you with. You have got Graham and McKay. You have got Frankie Frost at the Reno Turf Club, is that right?

Mr. MOORE. Yes.

Mr. HALLEY. He is a Nation-wide hoodlum, isn't he?

Mr. MOORE. Not to my knowledge; no.

Mr. HALLEY. Didn't he originally come from Chicago?

Mr. MOORE. At one time he appeared before the commission with his attorneys, in Reno, and they cleared about—at least 75 percent of those charges that were against him.

Mr. HALLEY. Would you say that Wertheimer, from Detroit, is an outstanding example of a man who should be running a gambling establishment?

Mr. MOORE. The only thing I have to know is that the head of the FBI, former head of the FBI, from Detroit, Mich., recommended him.

Mr. HALLEY. Recommended Wertheimer?

Mr. MOORE. Yes; stating that he was an upstanding man and a man of his word, and so forth and so on, and that he had never been involved in any criminal activity.

Mr. HALLEY. Do you believe that?

Mr. MOORE. The head of the FBI is a pretty high man in a certain territory, and I would take their word for a lot of things; yes.

Mr. HALLEY. Haven't you ever heard of Wertheimer's gambling activities in other States?

Mr. MOORE. Sure, but, as far as that is concerned, the man gambles. That is no sign that he shouldn't have a license in a State where it is legal.

Mr. HALLEY. It makes no difference to you whether he gambles in a State where it is not legal?

Mr. MOORE. No. How is he going to learn the business?

Mr. HALLEY. In other words, you take the position that, because gambling is legal in the State of Nevada, that anybody who has been convicted for gambling in other States is not to be considered in any way disqualified; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. Is that a basic policy of the commission?

Mr. MOORE. Yes.

Mr. HALLEY. With regard for people who have been convicted for anything else, that doesn't disqualify them so long as they were in business here in 1948, is that right?

Mr. MOORE. That is right.

Mr. HALLEY. How do you exclude? How have you been excluding the several hundred?

Mr. MOORE. Every case is an individual case.

Mr. HALLEY. Can you give us some examples?

Mr. MOORE. Well, as an illustration, recently a license was denied in Reno, principally due to the man's associates in New Jersey.

Mr. HALLEY. Who was that?

Mr. MOORE. He was connected with, and so on.

Mr. HALLEY. Was that Stacher?

Mr. MOORE. Stacher.

Mr. HALLEY. He is known as Doc Rosen—Stacher?

Mr. MOORE. I think he is known as Doc Harris.

Mr. HALLEY. There is a Doc Rosen here, too, isn't there? I don't want to confuse you. This is Joseph Stacher; is that right?

Mr. MOORE. That is right.

Mr. HALLEY. No more questions, Mr. Chairman.

The CHAIRMAN. I believe that is all, Mr. Moore. Thank you.

(Witness Moore excused.)

The CHAIRMAN. Put in the record at this time that the digest is a part of the hearings at this point.

Mr. HALLEY. May we make it exhibit No. 1, and it will not be typed in the record?

The CHAIRMAN. Exhibit No. 1, racing wire situation in Las Vegas. Then this memorandum from the committee which gives all of the licensed gambling operations; is that correct?

Mr. ROBINSON. No.

The CHAIRMAN. Memorandum for the committee on the certain place in Nevada will be marked "Exhibit No. 2."

(Exhibits Nos. 1 and 2 are on file with the committee.)

We shall proceed with Clifford Jones, Lieutenant Governor of the State of Nevada.

Mr. Jones, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. JONES. I do.

### TESTIMONY OF CLIFFORD JONES, LIEUTENANT GOVERNOR OF NEVADA

Mr. HALLEY. Mr. Jones, your full name is Clifford Jones?

Mr. JONES. Clifford Aaron Jones is the full name.

Mr. HALLEY. You are an attorney?

Mr. JONES. I am an attorney at law practicing here in Las Vegas.

Mr. HALLEY. You are a member of Jones, Wiener & Jones?

Mr. JONES. Jones, Wiener, Jones & Zenoff at the present time.

Mr. HALLEY. Where is that located?

Mr. JONES. 206 Beckley Building. That is on the corner of First and Fremont, here in Las Vegas.

Mr. HALLEY. You are Lieutenant Governor of the State of Nevada?

Mr. JONES. Yes, I am duly elected and qualified.

Mr. HALLEY. Do you have any other business?

Mr. JONES. Yes, I have. Of course, besides Lieutenant Governor, I have an interest in the Thunderbird Hotel, and I have an interest in the Golden Nugget, and I have an interest in the Pioneer Club.

Mr. HALLEY. Would you state specifically—

Mr. JONES. Or define the interests?

Mr. HALLEY. Yes.

Mr. JONES. In the Pioneer Club, which is a partnership, I have 2½ percent of the partnership interest.

Mr. HALLEY. When did you obtain that?



Mr. JONES. I acquired that in September of 1941, before the war was opened.

Mr. HALLEY. Did you acquire that by purchase?

Mr. JONES. Yes, that interest was acquired by purchase, and I also am paid 2½ percent of the income from the club attorney's fees, which was an agreement that was entered into in September of 1941 also, or about that time.

Mr. HALLEY. What did you pay for your 2½ percent?

Mr. JONES. \$5,000.

Mr. HALLEY. \$5,000?

Mr. JONES. Yes.

Mr. HALLEY. What other interests do you have?

Mr. JONES. In the Golden Nugget I have 1 percent, of the Golden Nugget.

Mr. HALLEY. When did you acquire that?

Mr. JONES. I obtained that in August of 1947.

Mr. HALLEY. Did you pay for that?

Mr. JONES. Yes.

Mr. HALLEY. How much?

Mr. JONES. The figure was \$23,310, approximately. I hope I am not held to the odd figure.

Mr. HALLEY. That is for 1 percent?

Mr. JONES. That was for 1 percent in the partnership at that time, which is now a corporation, and I have been issued the stock equivalent to 1 percent of the stock.

Mr. HALLEY. From whom did you purchase the 1 percent?

Mr. JONES. From Guy McAfee.

Mr. HALLEY. Was any other consideration paid?

Mr. JONES. No, no other consideration. In fact, at that time that was the highest price that had ever been paid by anybody for an interest in the club.

Mr. HALLEY. Has it paid out?

Mr. JONES. Pardon?

Mr. HALLEY. Has it been a worth-while investment?

Mr. JONES. Yes; it has been a worth-while investment.

Mr. HALLEY. What have you received from the Golden Nugget?

Mr. JONES. Approximately \$12,000 a year up to the present year, and I don't know just what I will receive this year because it changed its structure from a partnership to a corporation July 1, and I have received no dividends from the corporation.

Mr. HALLEY. None would be payable yet, I presume.

Mr. JONES. It would probably be payable if they had made sufficient money to declare a dividend.

Mr. HALLEY. You don't know whether they did or did not?

Mr. JONES. They have not declared a dividend since July 1.

Mr. HALLEY. Has business been less profitable this year?

Mr. JONES. I would not say that business has been less profitable. However, this changing their structure—they had to build up in the corporation sufficient bank accounts, sufficient supplies, back supplies of liquor, and so forth, and also they have corporate tax obligations which would decrease the amount of money received from the venture.

Mr. HALLEY. Going back to the Pioneer Club, during the year 1949 what was your income on the basis of 5 percent of the total net profits?

Mr. JONES. I believe approximately \$14,000.

Mr. HALLEY. So that the Golden Nugget is apparently a much more profitable operation?

Mr. JONES. Well, many times; yes. In other words, I received about as much from 1 percent on the Golden Nugget as I received from 5 percent of the income of the Pioneer Club, lumping the two interests together, making the 5 percent of their income.

Mr. HALLEY. What other business interests have you?

Mr. JONES. I have an interest in the Thunderbird Hotel.

Mr. HALLEY. What is that?

Mr. JONES. One of the resort hotels.

Mr. HALLEY. I mean, what is the interest?

Mr. JONES. The interest amounts to 11 percent of the stock.

Mr. HALLEY. When did you acquire that?

Mr. JONES. I acquired that—I, together with Mr. Marion B. Hicks, owned the land on which the Thunderbird Hotel is built, and he and I built the Thunderbird Hotel together, and I acquired the interest in the Thunderbird Hotel by virtue of an exchanging of my interest in the land and the structure to a certain date for the stock.

Mr. HALLEY. In other words, you had a 50 percent interest in the building? Is that operated by a holding company?

Mr. JONES. In the land I owned one-third of it, and Mr. Hicks owned two-thirds of it.

Mr. HALLEY. In the building, what did you own?

Mr. JONES. In the building, when we first started to build, my part—my contribution amounted to 10 percent of the total contribution of the people who came into the venture, and I acquired 10 percent of the stock. Then I later bought 1 percent more, making a total of 11 percent.

Mr. HALLEY. Who are the people in the Thunderbird?

Mr. JONES. Marion Hicks, Harry Badger, Victor Sayer, Jacob Kosloff, Joseph Wells, Paul Wagner, James Schuyler, and myself. I think that I have named all of them.

Mr. HALLEY. Is there a separate operating company?

Mr. JONES. There was a man by the name of Jack Lane, who has a very small interest, but he, incidentally, has never signed the partnership agreement.

Mr. HALLEY. Are there separate owning and operating companies?

Mr. JONES. There are.

Mr. HALLEY. When you say you have 11 percent, are you talking about the operating company?

Mr. JONES. I am talking about the operating company. I also own the same amount of stock in the ownership company.

Mr. HALLEY. Does the operating company itself operate all of the gambling at the Thunderbird?

Mr. JONES. It does. It operates not only the gambling; it operates the bars and it operates the dining room.

Mr. HALLEY. Do you have any concessions that you give other people?

Mr. JONES. Yes.

Mr. HALLEY. What are they?

Mr. JONES. Well, there is a—

Mr. HALLEY. With particular reference to gambling.

Mr. JONES. No.



Mr. HALLEY. No concessions in gambling?

Mr. JONES. No, there are none. The other concessions are apothecary or smoke shop, and a men's ready-to-wear, and a jewelry shop, and so forth.

Mr. HALLEY. Do you have a commission room?

Mr. JONES. There is a horse book operated there; yes.

Mr. HALLEY. Do you have a commission room?

Mr. JONES. No.

Mr. HALLEY. Do you operate the horse book yourself?

Mr. JONES. The horse book is operated by the company itself.

Mr. HALLEY. How do you handle your lay-off bets?

Mr. JONES. I am sorry, but I don't know the answers to those things because I am not a gambler and I am not around the hotel or its operation. That question I could not answer.

Mr. HALLEY. Who is Marion Hicks? How long has he been a resident? Is he a resident now of Las Vegas?

Mr. JONES. Yes, he is.

Mr. HALLEY. How long has he been here?

Mr. JONES. He has been a resident—he first came to Las Vegas when I first made his acquaintance, in 1938. He came again and I got better acquainted with him in 1939. He came here with the expectation of building a hotel. Then in 1940 he came here and stayed awhile and made his first deal, I believe, on a piece of property for a hotel at that time.

Mr. HALLEY. Where did he come from?

Mr. JONES. Long Beach, Calif.

Mr. HALLEY. Had he ever been in the East, an easterner?

Mr. JONES. No, not in the East. He came from the Middle West.

Mr. HALLEY. From where?

Mr. JONES. Joplin, Mo. He was born and raised there, and his family is still located in Joplin, Mo.

Mr. HALLEY. You say he owned two-thirds of the land; is that right?

Mr. JONES. Yes; that is right.

Mr. HALLEY. Does he have other interests as well?

Mr. JONES. He owned, together with a man by the name of Grayson, the El Cortez Hotel.

Mr. HALLEY. He apparently came here with very substantial assets.

Mr. JONES. That was a substantial structure that was built there. He came here although he had other stockholders in the El Cortez Hotel.

Mr. HALLEY. Who is Grayson?

Mr. JONES. Johnnie Grayson. I became acquainted with Grayson when they came here and when they built the El Cortez Hotel and I have known him off and on since that time.

Mr. HALLEY. He had been an operator of the gambling ships off California, had he not?

Mr. JONES. He had some interest in the gambling ships off California, yes; and I believe before that he had been located in Phoenix, Ariz.

Mr. HALLEY. In a gambling operation?

Mr. JONES. That I can't say of my own knowledge because I wasn't acquainted with him at that time.

Mr. HALLEY. Where did you get your wire service for the horse book at the Thunderbird?

Mr. JONES. It comes through the same agency that the other horse books in the city get their service.

Mr. HALLEY. That is the Nevada Publishing Co.?

Mr. JONES. I assume so. I wouldn't know the details.

Mr. HALLEY. Run by James A. Dunne?

Mr. JONES. Yes; that is right. It was a man by the name of Dunne that operates it here. I have met him on one occasion.

Mr. HALLEY. What does your operation pay for its service?

Mr. JONES. I don't know that answer.

Mr. HALLEY. Do you know approximately?

Mr. JONES. No, I don't.

Mr. HALLEY. Can you get that figure for us and phone it in to Mr. Ruymann?

Mr. JONES. Yes.

Mr. HALLEY. He will be here. You can reach him at 2 o'clock.

Mr. JONES. I will phone that figure in to you as soon as I get it. It is just a matter of calling. In other words, those are details that I don't know.

Mr. HALLEY. Surely. The committee would like to have an annual audit for the Thunderbird for the years since it began operations. It began in 1947 or 1948?

Mr. JONES. It began in—it has been in operation just 2 years. It started operating September 2, 1948. It has only operated 2 years.

Mr. HALLEY. Can you let the committee have the annual audit for each of those years?

Mr. JONES. I can let you have the annual audit for the first year. And the other audit, I don't believe, is quite completed, but I will furnish it to you as soon as it is completed.

Mr. HALLEY. As far as you know, what was the net income or loss in 1949?

Mr. JONES. That was the year ending 1949. The corporation made a profit of a little more than \$8,000.

Mr. HALLEY. That would be the year ending September 1949?

Mr. JONES. August 31, 1949, and the partnership lost approximately \$8,000.

Mr. HALLEY. In the first year of operation?

Mr. JONES. In the first year of operation.

Mr. HALLEY. What about the gross income during its first year?

Mr. JONES. That I do not recall. I have seen the figure, but it will be evidenced by the statement.

Mr. HALLEY. Do any of the stockholders receive salaries?

Mr. JONES. Yes.

Mr. HALLEY. Do you?

Mr. JONES. No; I never received any salary or any compensation at all. I have only been reimbursed for the amount of costs involved in the formation of the corporation. Mr. Hicks receives a salary, and Mr. Schuyler receives a salary, and as far as I know, and I am certain that I would know otherwise, they are the only two stockholders who receive a salary from the corporation or the partnership.

Mr. HALLEY. So far, you have not received any return whatsoever on your investment, then?

Mr. JONES. I have not.

Mr. HALLEY. Or any income?

Mr. JONES. No income or return whatsoever. I might say that the income that will be reflected by the second year of operation has been reinvested in the enterprise itself.

Mr. HALLEY. One of your partners in your law firm is the executor for the estate of Benjamin Siegel, is that right?

Mr. JONES. I believe he is the attorney for the executor.

Mr. HALLEY. Who is the executor?

Mr. JONES. The executor is a Dr. Siegel, who is the brother of Benjamin Siegel, in Los Angeles.

Mr. HALLEY. Do you have any familiarity with the details of the estate?

Mr. JONES. No, but my partner would be available to you. I have only scanty knowledge of it. We have rather large offices, six lawyers in the office, and we handle a piece of business and we handle it throughout, and it is often the case I wouldn't even know the business was in the office. But I do know, of course, of this; I do have scant knowledge of it.

Maybe I could answer your question. I don't know whether these things are considered proper for attorneys to answer or not, or whether they are considered privileged communication, but we take the attitude of cooperation.

Mr. HALLEY. The particular question I had is this——

Mr. JONES. I will answer any question that you deem proper.

Mr. HALLEY. If you can answer this, fine; if not, perhaps Mr. Wiener can.

Were you present during the testimony taken here in 1948 with reference to the race wire service?

Mr. JONES. No; I was not present.

Mr. HALLEY. Have you ever seen that testimony?

Mr. JONES. No; I haven't.

Mr. HALLEY. Your brother, who was then a county attorney, was active in that?

Mr. JONES. He is a partner, but he is not my brother.

Mr. HALLEY. That is Robert Jones?

Mr. JONES. He is not my brother. I have a brother in the office; his name is Herbert. Robert is not my brother.

Mr. HALLEY. Is he related to you at all?

Mr. JONES. No relation whatsoever.

Mr. HALLEY. He was in 1948 county attorney, is that right?

Mr. JONES. He was.

Mr. HALLEY. Is he still?

Mr. JONES. He still is. His term ends the 31st of next month.

Mr. HALLEY. During the course of that investigation, you may have heard a man named Rosen came to Las Vegas?

Mr. JONES. I am acquainted with Mr. Rosen. I met him.

Mr. HALLEY. You have met him?

Mr. JONES. Yes.

Mr. HALLEY. He succeeded to some of the business interests of Bugsy Siegel, is that right?

Mr. JONES. I don't know of my own knowledge that that is true. He—you might say he assumed a position of authority over some of these things.

Mr. HALLEY. He was a partner of yours at the Golden Nugget, wasn't he?

Mr. JONES. Who was that?

Mr. HALLEY. Rosen.

Mr. JONES. Never.

Mr. HALLEY. Didn't he have an interest?

Mr. JONES. Never has had any interest.

Mr. HALLEY. He had an interest in the horse book at the Golden Nugget, didn't he?

Mr. JONES. To answer that, let me explain—and I think it is probably what you want to get to—back when the Golden Nugget was built, at that time the race wire service was very closely held here. The Golden Nugget group, as a partnership, were finding difficulty in getting service. So they finally leased out the race book on a monthly basis. The people who leased the property called their race book the Golden Nugget race book, but none of them had anything to do with the Golden Nugget, a partnership.

Mr. HALLEY. They operated in the same premises?

Mr. JONES. They operated on the same premises under a lease or under a sublease, you might say. None of them were ever connected in any way with the Golden Nugget itself or the Golden Nugget partnership or any of the partners in the Golden Nugget.

Mr. HALLEY. What were the terms of the lease, do you know? Did they pay on a percentage basis?

Mr. JONES. No, they did not pay on a percentage basis. They paid on a straight monthly rental.

Mr. HALLEY. Siegel was one of the owners of that race book?

Mr. JONES. Siegel was reputed to be one of the owners of the book; in fact, the largest owner.

Mr. HALLEY. To get to the point that we have been trying to get to, we understand from the testimony that Rosen succeeded to Siegel's interests in that race book and paid no consideration whatsoever to the estate.

Mr. JONES. The inventory of the estate shows the interest in the Golden Nugget race book as zero.

Mr. HALLEY. Is that a fair appraisal?

Mr. JONES. If he owned an interest, it certainly would not be.

Mr. HALLEY. Didn't he own an interest?

Mr. JONES. Reputedly he owned the largest interest.

Mr. HALLEY. Who inventorized the estate?

Mr. JONES. Well, it seems as though the interests of—in this Golden Nugget race book—and of course I am testifying purely from hearsay, which would not be admissible in court—

The CHAIRMAN. This is a committee.

Mr. JONES. We are only trying to get to the facts, and I want to be as helpful as possible.

According to information, the situation existed something like this; that he owned the larger portion of that race book, although it was reputed to be in the name of Solly Soloway, who was a brother-in-law of his, but he also, according to the stories that go around, owed the book money. So they canceled him out on his debt because it showed on the inventory there was nothing of any value there that could be inventoried on his estate.

Mr. HALLEY. How much money did he owe the book?

Mr. JONES. That I do not know.



Mr. HALLEY. Was there any tangible evidence of such a debt?

Mr. JONES. That I can't say either.

Mr. HALLEY. Would you ask your partner if he could drop in for us for a few minutes this afternoon with that information?

Mr. JONES. I will send him over because I think he would be very happy to appear.

Mr. HALLEY. No other questions.

The CHAIRMAN. Mr. Jones, are there any other matters that you can think of that would be of interest to this committee?

What about the matter of outsiders trying to horn in out here in Nevada? Do you have much trouble about that?

Mr. JONES. No, we never—we have had recently, of course, some people who have wanted to move in here because their operations were more or less impaired in other places and they looked to this more or less as a haven. Fortunately, through the protection of the tax commission, we have a pretty good protection against things like that, and don't welcome people who, you know, have operated and have had any particularly strong outside connections. I think that our liberal laws have been well protected through the tax commission.

The CHAIRMAN. But you blanketed in a lot of racketeers who were already doing business?

Mr. JONES. Yes; in other words, it is kind of like a grandfather clause. They were here in business, and in operation, some of them, and had a lot of money invested. In other words, you can't legislate them out of business.

Mr. HALLEY. You are a member of the bar of Nevada, aren't you?

Mr. JONES. Yes.

Mr. HALLEY. Is it the law that the commission would have no power to refuse a license to anybody who was in business in 1948, or is that simply the policy of the commission?

Mr. JONES. Well, it was set forth as a policy of the commission, in other words.

Mr. HALLEY. Was it set forth in the law, or by the commission?

Mr. JONES. No, the first law was passed in 19——. Well, of course, the law prior to that was more or less a collection law that collected the 2 percent. Then the tax commission was given some actual authority in 1937. It was in very general language, authorizing them to regulate gambling and so on and so forth. The law had no teeth in it, to speak of, and in the 1949 law is the one that gives them real power over gambling and the right to revoke licenses, the right to hold hearings, the right to refuse hearings.

It makes it a very discretionary matter within the power of the tax commission.

Mr. HALLEY. Under that law you would have no doubt that they would be able to refuse a license to somebody even though he had been operating in the State prior to the passage of the law?

Mr. JONES. They have since that time refused them because of offenses.

Mr. HALLEY. We are now talking about people who had previously been operating. I understood you to give your legal opinion a few minutes ago that those who had been operating had an investment which under the law couldn't be taken away, and I am simply questioning that legal statement.



Mr. JONES. I think that I would have to say that a license to conduct gambling is so much within, you might say, police power of the State, that if they so desired, they could. I would have to refer back to the statutes themselves, although I have granted—

Mr. HALLEY. So what you are really talking about is the tax commission at its discretion has decided to allow those who had previously—well, first, that had been here prior to 1949, to continue to operate?

Mr. JONES. That is right.

Mr. HALLEY. Whether or not they were qualified?

Mr. JONES. That is right. In other words, they have kind of taken the attitude that if they had been here and had been operating and had conducted themselves properly, that they were qualified by that.

Mr. HALLEY. Since you are Lieutenant Governor of the State, I am going to presume to ask an over-all policy question, which you may or may not see fit to answer.

Mr. JONES. All right.

Mr. HALLEY. It is definitely a statement of opinion.

Wouldn't you say prior to 1949 a great many undesirable characters, with bad police records, were engaged in gambling operations in the State of Nevada, such as Graham and McKay, Wertheimer, Bugsy Siegel? I could name a great many more, of course.

Mr. JONES. Well, of course.

Mr. HALLEY. Moe Sedway?

Mr. JONES. Some of those I could very definitely concur with you on. Some of them are people who have been in the State long before I was here, so I wouldn't presume to pass upon their qualifications to conduct their business.

Mr. HALLEY. Well, there had been a lot of people—

Mr. JONES. There were some people that you might say had police records and reputations of gambling in other places. But this seems to hold true, that people who came here when the State started to grow, to gamble in the gambling business, they weren't particularly Sunday school teachers or preachers or anything like that from out of the State. They were gamblers. In other words, they came here to gamble.

(Short recess.)

Mr. HALLEY. We have one more question.

As a matter of over-all State policy, do you believe it is good policy for the State tax commission to allow people whose previous records have been bad, to continue in the gambling business in this State for the simple reason and the sole reason that they were in that business prior to 1949?

Mr. JONES. I would say that I believe as long as they conduct themselves properly that I think there is probably no harm comes of it.

Mr. HALLEY. That is a difficult question, as to whether they are conducting themselves properly. Wasn't it your partner who wrote to the Governor that he thought they were going to settle their disputes by open warfare?

Mr. JONES. That is correct, and the tax commission did take action on that particular subject and eliminated the thing that was causing the difficulty and might cause the trouble.

Mr. HALLEY. Isn't the thing that was causing the trouble having gangsters here who would settle their problems by gang warfare?

Mr. JONES. That would be one of the fundamental reasons, yes.

Mr. HALLEY. That is not settled simply by allowing them to continue under a license provision.

Mr. JONES. Well, they no longer—the group involved no longer continued to operate any race books. I understand that the service itself was in different hands, too, as a result of the actual action of the tax commission at that time.

Mr. HALLEY. Those people are still operating in the State, are they not? Aren't the Stearns brothers still operating?

Mr. JONES. The Stearns brothers, yes, they are still operating.

Mr. HALLEY. They were major parties to the dispute, were they not?

Mr. JONES. They are the ones who were the ones who were being the victims of the situation, not the proponents of the difficulty. In other words, they were people who had operated the book and who had a place of business and were being denied service arbitrarily.

Mr. HALLEY. It was being denied by Sedway and Rosen, is that correct?

Mr. JONES. That is right, correct.

Mr. HALLEY. Who did you expect to be doing the shooting?

Mr. JONES. Well, now, I didn't write the letter so I didn't expect anybody. I didn't even know the letter was written.

Mr. HALLEY. Did you ever discuss it with your partner?

Mr. JONES. Not until afterward.

Mr. HALLEY. Do you know who he thought would be doing the shooting?

Mr. JONES. I would say this, that I don't think that he expected that the shooting would be coming from the Stearns brothers.

Mr. HALLEY. Rosen and Sedway had what they wanted. They didn't want anything. What motive would they have?

Mr. JONES. It was an additional situation. In other words, the Stearns boys were getting the information anyway. In other words, they were having to—

The CHAIRMAN. I think we had better put the press off no longer. We have put the press off here for a long while, and Mr. Jones is going to bring his partner back.

Mr. HALLEY. This afternoon at 2 o'clock.

The CHAIRMAN. So we will excuse you.

(A press conference was held, following which a recess was taken until 2 p. m.)

#### AFTERNOON SESSION

The committee reconvened at 3 p. m., pursuant to the taking of the noon recess.

#### TESTIMONY OF HENRY PHILLIPS, LAS VEGAS, NEV.

The CHAIRMAN. Mr. Phillips, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PHILLIPS. I do.

Mr. HALLEY. Where do you live, Mr. Phillips?

Mr. PHILLIPS. I live here.

Mr. HALLEY. In Las Vegas?

Mr. PHILLIPS. Yes, sir.

Mr. HALLEY. You operate the commission room for the Last Frontier?

Mr. PHILLIPS. I try to operate, but I haven't been doing anything since I have been here. I did try to go into business but there is nobody to do business with.

Mr. HALLEY. How long has it been since there has been nobody to do business with?

Mr. PHILLIPS. I found it that way since I came in here. I tried it out. I haven't been doing any of this kind of business. I just thought I would come in here. Mr. Barron asked me.

Mr. HALLEY. You had been doing lay-off business in the past, had you not?

Mr. PHILLIPS. No, I have been monkeying around, making a bet, taking a bet, or something like that.

Mr. HALLEY. Your boss here testified that this is a very complicated and specialized operation, and that the reason they have you here is that you are a specialist and that if you weren't you could lose him \$100,000 a month; is that wrong?

Mr. PHILLIPS. I am sort of a handicapper, in a way.

Mr. HALLEY. You wouldn't try to kid us. You are not trying to kid us, are you? You know the lay-off business, don't you?

Mr. PHILLIPS. Just as I told you, I tried to be in the lay-off business, and there is no people to do business with.

Mr. HALLEY. When did you come here? How long have you been here?

Mr. PHILLIPS. I think it is in the last—it would be about 6 weeks, wouldn't it, Mr. Moore?

Mr. MOORE. We opened the building September 1, and you were here at the time it opened.

The CHAIRMAN. Are you doing business for anybody except the Last Frontier?

Mr. PHILLIPS. No. If they would happen to come in here with some business, a big bet, I would try to lay it off, if I could. If I couldn't, why—

Mr. HALLEY. What has been your gross business since September 1?

Mr. PHILLIPS. I wouldn't say that I have had over—I would say a few thousand dollars?

Mr. HALLEY. Altogether?

Mr. PHILLIPS. In 1 day.

Mr. HALLEY. What has been the total altogether?

Mr. PHILLIPS. Well, the total I wouldn't—I think I didn't average over—the average would be about five, six, seven hundred dollars a day.

Mr. HALLEY. With whom do you lay off bets?

Mr. PHILLIPS. Any of these rooms downtown that have somebody to make a bet with them.

Mr. HALLEY. Your phone bill would show where you have been calling. Just tell us the names of the people with whom you had lay-offs?

Mr. PHILLIPS. If you could get the phone bill, you would see I haven't laid off to nobody.

Mr. HALLEY. Do you call people in Los Angeles?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. You have never tried to call anybody in Los Angeles?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. Do you call people in any State other than Nevada?

Mr. PHILLIPS. I called one fellow in San Francisco.

Mr. HALLEY. Who did you call in San Francisco?

Mr. PHILLIPS. I have the number here—Cody.

Mr. HALLEY. Did you call anybody in New Jersey?

The CHAIRMAN. What is the San Francisco number?

Mr. ROBINSON. Do you know Mr. Hy Goberg?

Mr. PHILLIPS. Yes, sir.

Mr. ROBINSON. Did you have any business transactions with him?

Mr. PHILLIPS. A little, not much.

Mr. ROBINSON. Do you lay off with Hy?

Mr. PHILLIPS. I don't think I have laid off with Hy since I have sat here. I will venture to say I don't think I have laid off \$2,000 with him since I have been here.

Mr. ROBINSON. Do you know Phil Tapper?

Mr. PHILLIPS. I don't know much about him. I have seen him around Los Angeles whenever I have been down there.

Mr. ROBINSON. Do you think any action is laid off from California?

Mr. PHILLIPS. I don't get from there.

Mr. ROBINSON. The action you receive——

Mr. PHILLIPS. If I got some action, I got some action in the rooms. Someone would come in and make a bet.

Mr. HALLEY. Do you know Frank Erickson?

Mr. PHILLIPS. I have seen him in Hot Springs, Ark.

Mr. HALLEY. Have you ever done business with him?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. PHILLIPS. I don't think I do.

Mr. HALLEY. Do you know Harry Russell?

Mr. PHILLIPS. Yes; I do know him well.

Mr. HALLEY. Have you ever done business with him?

Mr. PHILLIPS. No; not that I can remember.

Mr. HALLEY. Do you know Tony Accardo?

Mr. PHILLIPS. No.

Mr. HALLEY. Do you do any lay-off business in New Jersey?

Mr. PHILLIPS. Never.

Mr. HALLEY. Do you do any in Missouri?

Mr. PHILLIPS. Never.

Mr. HALLEY. You mentioned one man in San Francisco.

The CHAIRMAN. How about Carroll over in East St. Louis?

Mr. PHILLIPS. I just know him, introduced to him to say hello.

The CHAIRMAN. Have you ever laid off with him?

Mr. PHILLIPS. Never laid off with him or had any business with him. In fact, I am just a sort of a new man.

Mr. HALLEY. In the last week have you made any long-distance phone calls from this room?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. In the last month have you?

Mr. PHILLIPS. In the last month I probably made one long-distance call to Cody's in San Francisco.



Mr. HALLEY. No other long-distance calls?

Mr. PHILLIPS. No; not that I can remember. I had one long-distance call come in from a small town. Someone bet me \$200 on some horse, to place on some horse.

Mr. HALLEY. We are talking about lay-off betting that you have done here.

Mr. PHILLIPS. No, never. The only lay-off that has been made in the place that I am pretty sure of is Cody, and I made a little lay-off to Hy's place.

Mr. HALLEY. Where is that?

Mr. PHILLIPS. In town here. And then sometimes they wouldn't take a bet and I would send some fellow downtown to see I wouldn't lose too much on a horse.

Mr. HALLEY. You haven't made any lay-offs to any other play except Cody's outside of Nevada?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. Where did you work before you came here?

Mr. PHILLIPS. Well, to tell the truth, I never worked, just would jump around and sit in somebody's office, make a bet on a horse, so and so.

Mr. HALLEY. Where did you live before you came here?

Mr. PHILLIPS. In Los Angeles.

Mr. HALLEY. Were you in the booking business there?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. Did you ever make book in Los Angeles?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. Did you ever handle lay-off bets in Los Angeles?

Mr. PHILLIPS. No, sir.

Mr. HALLEY. I think that is all, Senator.

The CHAIRMAN. When they bring a big bet in here to be laid off, do you take care of it yourself?

Mr. PHILLIPS. I take it and lay it off if I can. If I can't, I tell them that I don't want it. It is just like one day Jerry out there, that takes care of the book, come to me and he says, "I have got \$600 to win and \$300 to show on some 16-to-1 shot." He says, "Can you handle it for the office?" And I called up Cody and asked him if he wanted it. He says he didn't want it. I called up the office here and they said they didn't want it. So I give it back to him.

The CHAIRMAN. How many phones have you got with long-distance connections here?

Mr. PHILLIPS. Two "l.d.'s".

The CHAIRMAN. Do you have arrangements made so that you can get somebody quick enough if you have to get them?

Mr. PHILLIPS. Well, suppose so, but I haven't got no outs. That is the reason I never care about going into business.

Mr. MOORE. I might explain, gentlemen, that this room was put in in the beginning, with the idea that there could be lay-off business. By the same token, to be perfectly frank, you are all running around the country investigating the race horse book and the wire and closed all those offices. In addition to that, there has been one track from the time we opened up until right recently—it is two tracks now.

Now, essentially, there has been no business, when you get right down to it.

Mr. PHILLIPS. You got the whole story.

Mr. MOORE. There was so little, frankly, that it became obvious after the first few days that Mr. Barron said to Mr. Phillips, "This is no business." And, frankly, the hotel cut out from it altogether, and whatever he takes, it is his. It is a help to us.

The CHAIRMAN. It is an accommodation to you to have somebody who will take a big one that you don't want, but what he does is on his own?

Mr. MOORE. It brings more business into the race horse book itself.

Mr. ROBINSON. Let me clarify something. What distinction is there between the action that is held in the room here and the action that comes into Mr. Phillips?

Mr. MOORE. The action that is held in the room is operated by the hotel.

Mr. ROBINSON. Is there a limit there to the——

Mr. MOORE. There is a limit to what we will take, frankly.

Mr. ROBINSON. And what you won't take, you will give to Phillips?

Mr. MOORE. If he wants it. If not, we say to the customer, there is no bet.

The CHAIRMAN. What is the biggest bet you will handle? Of course, that depends on the odds?

Mr. MOORE. The odds have a great deal to do with it.

(Witness Phillips excused.)

#### FURTHER TESTIMONY OF CLIFFORD JONES, LIEUTENANT GOVERNOR OF NEVADA

Mr. HALLEY. You have brought us certain information?

Mr. JONES. You have asked for information about how much wire service cost furnished to the Thunderbird. The race wire service was commenced about a year ago, and they paid \$100 a week. Four months later the rate was increased to \$160 a month.

Mr. HALLEY. A month or a week?

Mr. JONES. A week. That, apparently, was done when the State put on a tax of \$10 per day for each service outlet. Approximately 4 months ago the rate was raised to \$200 per week with an additional charge once each month of \$14 being made for a line charge.

Mr. HALLEY. So you are now paying about \$880 a month total?

Mr. JONES. No, \$814.

Mr. HALLEY. You figure 4 weeks to a month?

Mr. JONES. That is correct.

Mr. HALLEY. It would be \$800 plus

Mr. JONES. Now, in checking my list I found that I omitted two names. One is L. B. Shear, who owns a very small interest, 2 percent, and Guy McAfee, who owns 1 percent. That completes the list.

Mr. HALLEY. Go ahead.

Mr. JONES. I also brought the financial statement of the Thunderbird and the Bonanza Hotels which you requested for the year ending August 31, 1949.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. JONES. No, I do not.

Mr. HALLEY. Have you ever met him?

Mr. JONES. No; I haven't.

Mr. HALLEY. Does he not spend time at the Thunderbird Hotel?

Mr. JONES. No; as far as I know, he has never been in the city of Las Vegas.

Mr. HALLEY. He is reputed to live at the Thunderbird Hotel a great deal of the time.

Mr. JONES. There is a man by the name of Jack Lansky who has stayed some time at the Thunderbird Hotel.

Mr. HALLEY. That is Meyer Lansky's brother, is it not?

Mr. JONES. I assume so.

Mr. HALLEY. The man that was convicted for gambling in Florida a couple of months ago?

Mr. JONES. I don't know that.

Mr. HALLEY. Does he stay at the Thunderbird?

Mr. JONES. He has stayed there and at the Thunderbird and the Last Frontier on different occasions.

Mr. HALLEY. In recent years does he stay at the Thunderbird exclusively?

Mr. JONES. Yes; I know on the two occasions.

Mr. HALLEY. For how long?

Mr. JONES. The last time I believe he was here, to my knowledge, a couple of weeks.

Mr. HALLEY. When was that?

Mr. JONES. I don't know, some weeks ago. I would say 3 or 4 weeks ago.

Mr. HALLEY. Is he a good friend of any of the owners of the Thunderbird?

Mr. JONES. I think Mr. Hicks knows him, but I don't know how well he knows him.

Mr. HALLEY. During the early years of the Thunderbird operation, it lost a lot of money, did it not?

Mr. JONES. The first year we lost \$84,000; yes, sir.

Mr. HALLEY. Was there any effort made to obtain fresh capital for it?

Mr. JONES. We put up an additional bankroll; yes.

Mr. HALLEY. How much did you put up?

Mr. JONES. I put up \$10,000.

Mr. HALLEY. In cash?

Mr. JONES. Yes.

Mr. HALLEY. Was any money borrowed from any outside interests?

Mr. JONES. Not that I know of. I did borrow \$10,000 from the First National Bank when we put up the first bankroll at the Thunderbird Hotel, and the second time they called for money it happened to be that I was just ready to pay off my loan at the First National Bank, and instead of paying off the loan I turned that money into the Thunderbird Hotel and continued to pay on my loan monthly.

Mr. HALLEY. Did the Thunderbird obtain any loans from anyone else?

Mr. JONES. Yes; but the exact amounts I don't know. There was some money borrowed from Vic Sayer. There has been some money borrowed from Harry Badger, and there was some money that I actually loaned above my contribution which amounts only to \$1,000, I believe, is what I had loaned at one time when I had that amount of money, and Mr. Hicks had loaned some money to the Thunderbird Hotel.

Mr. HALLEY. Do you know whether Jack Lansky or Meyer Lansky directly or indirectly ever loaned any money to the Thunderbird or any of its owners?

Mr. JONES. I am certain that they haven't.

Mr. HALLEY. You are certain they have not?

Mr. JONES. Have not.

Mr. HALLEY. Do you know a George Sadlow?

Mr. JONES. Yes.

Mr. HALLEY. Who is he?

Mr. JONES. George Sadlow? I know that he lives in El Paso, Tex. He has been coming and working here in Las Vegas off and on for about 10, 11 years. He worked at the Las Vegas Club. He worked at the El Cortez Hotel for Mr. Hicks, and he has visited the Thunderbird Hotel, but never has worked there.

Mr. HALLEY. Does he stay at the Thunderbird Hotel?

Mr. JONES. Yes, he does.

Mr. HALLEY. Has he ever made any investment or loan to the Thunderbird?

Mr. JONES. That I can't say. I don't know of any.

Mr. HALLEY. Or any of its partners?

Mr. JONES. I can only answer as far as myself, as far as I know. That might be something that I wouldn't know.

Mr. HALLEY. Was it through Sadlow that Lansky came to the Thunderbird?

Mr. JONES. I might say that Lansky has never been at the Thunderbird unless Sadlow was with him, and I am certain that was through Sadlow that Lansky comes to the Thunderbird. He is a very close friend of Sadlow's.

Mr. HALLEY. Has either Sadlow or Lansky any interest in the Thunderbird at this time?

Mr. JONES. No.

Mr. HALLEY. Does either of them work in any capacity at the Thunderbird?

Mr. JONES. No.

Mr. HALLEY. Do they bring customers to the Thunderbird?

Mr. JONES. Except themselves. I say, when they are around the place, they spend a great deal of money themselves.

Mr. HALLEY. Would you say that either Lansky or Sadlow have no financial interest in the Thunderbird?

Mr. JONES. As far as I know, none at all. I am certain that Lansky has none and I feel just as certain that Sadlow has none. I know that Mr. Hicks and Mr. Sadlow are very close friends. What might exist between them I wouldn't know at this time. In other words, that is a question you would have to ask Mr. Hicks because I couldn't answer it.

Mr. HALLEY. Is Mr. Hicks available?

Mr. JONES. Yes. He is in town today and he could be reached.

Mr. HALLEY. Is he at the Thunderbird?

Mr. JONES. Yes.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Do you know whether Frank Costello has or ever has had any interest in the Thunderbird?

Mr. JONES. I know that he has not.



The CHAIRMAN. Does he come in and stay there?

Mr. JONES. He has never been in the city of Las Vegas that I know of. I know the man only by reading the name in the papers, and I am certain that he hasn't been in Las Vegas, at least to my knowledge. He might have been several years ago, but I don't think so. I never have heard of him ever being here.

Mr. HALLEY. Mr. Wiener, we have been inquiring about the estate of Bugsy Siegel.

The CHAIRMAN. Before you get started, all of our memoranda got away somehow.

What is Mr. Wiener's first name?

Mr. WIENER. Louis.

Mr. HALLEY. One more question, Mr. Jones. Do you know Phillip Kastel?

Mr. JONES. I have never heard that name before.

Mr. HALLEY. You have never heard the name before?

Mr. JONES. No. Phil Kastel?

Mr. HALLEY. Yes.

Mr. JONES. No; I have never heard that name before. Is he a local person or something like that?

Mr. HALLEY. That is all.

#### TESTIMONY OF LOUIS WIENER, ATTORNEY, LAS VEGAS, NEV.

The CHAIRMAN. Mr. Wiener, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WIENER. I do.

Mr. HALLEY. Mr. Wiener, we understand that you are the attorney for the executor of the Bugsie Siegel estate, is that correct?

Mr. WIENER. That is correct.

Mr. HALLEY. And that the inventory of the estate shows that his interest in the book, the horse book—is it the Golden Nugget—was listed as having no value whatsoever?

Mr. WIENER. I have a copy of—zero." Zero, nothing.

Mr. HALLEY. As the attorney for the executor, have you ever contested that listing as that of having no value whatsoever?

Mr. WIENER. We haven't yet. As a matter of fact, we haven't done anything more than to file the original inventory and defend a lawsuit. We haven't started to close the estate, and it will probably be some time before we do.

Mr. HALLEY. Is it your opinion that that interest which we understand was taken over by Rosen has any value or has not?

Mr. WIENER. Did you ask me for my opinion?

Mr. HALLEY. Your professional opinion as the attorney for the executor.

Mr. WIENER. To be frank with you, I didn't know the agreement that existed between the partners. As to the exact agreement that he had as to what would happen in the event of one of the partner's death, that is. So I can't tell you whether there is an equity there or there isn't an equity.

Mr. HALLEY. Have you made any effort to find out?

Mr. WIENER. No; I haven't to date.

Mr. HALLEY. How long would it take you to settle an estate?

Mr. WIENER. In this particular State, it would take a considerable number of years because the chief asset of the estate consists of promissory notes that were in favor of Siegel and against the Nevada Projects Corp. At the present time the Nevada Projects Corp., as its only asset, has promissory notes from the present owner of the Flamingo Hotel, which is the Flamingo Hotel, Inc.

The Flamingo Hotel, Inc., is paying off the purchase price to the Nevada Projects Corp, at the rate of approximately \$29,000 or \$30,000 a month, which money goes to the Valley National Bank in Phoenix, to be applied, first, to mechanics' liens—first to a loan of \$600,000 in favor of the Valley National Bank in Phoenix, and mechanics' liens that were against the hotel at the time it was sold. And after that, after all of the debts in favor of the creditors and the bank had been cleared up, then the money will be turned into the Nevada Projects Corp. itself for distribution to the stockholders.

So we will have to wait until the payment by the Flamingo Hotel has been completed before we can close the estate, because there is some money due and owing to the Government for back taxes, and we actually have no cash—well, there is about \$3,700, or was \$3,700, in the bank and that is all there was in cash. So it will be a good many months, maybe years, before we can close the estate.

Mr. HALLEY. Does the interest that Siegel had in the Pioneer show up in the inventory?

Mr. WIENER. In the Pioneer Club? He never had one.

Mr. HALLEY. He never had an interest in the Pioneer Club?

Mr. WIENER. Never.

Mr. HALLEY. Did he have an interest in the Frontier Club?

Mr. WIENER. He had an interest in the Frontier turf book—Frontier Club turf book.

Mr. HALLEY. What was that listed at?

Mr. WIENER. \$3,353.89.

Mr. HALLEY. Did you collect that money from anybody?

Mr. WIENER. That money has been collected. That was money that was on hand.

Mr. HALLEY. Money on hand?

Mr. WIENER. That is, in addition to the \$3,700 I mentioned that was cash.

Mr. HALLEY. What percentage of the horse book at the Frontier Club did he own?

Mr. WIENER. That I do not have, his exact percentage. As I remember, he had approximately 20 percent of it.

Mr. HALLEY. Was that 20 percent interest listed as having any value?

Mr. WIENER. Yes; \$3,353.89.

Mr. HALLEY. That was just money on hand. How about the proprietary interest?

Mr. WIENER. That wasn't listed as having any value.

Mr. HALLEY. It would have value, would it not?

Mr. WIENER. That book, I would say, had no value. That book, in my opinion—

Mr. HALLEY. What would be the basis of your opinion?

Mr. WIENER. It hasn't even been able, for the last 3 years, to barely pay its rent. In fact, they had to have their rent cut \$500 a month a while back in order to stay open.

Mr. HALLEY. You are personally familiar with the affairs of the Frontier Club?

Mr. WIENER. That part of it I am. We are the attorneys for them.

Mr. HALLEY. What are the assets listed in the inventory for Bugsy Siegel? Are they confined in your accounting just to the State of Nevada?

Mr. WIENER. That is correct. There is some listed in California. I believe I have it here. It is nominal. It is personal belongings, rings and things like that, that are just personal, that happened to be in a safe deposit box down there at the Tax Commission, or whatever they have that freezes this—inheritance tax.

Mr. HALLEY. Will you state what the assets are?

Mr. WIENER. They are very limited, whatever they are. I have just a letter that was sent as to just what they were. By the way, there is—I guess they made him have an original administration down there, although Siegel lived here. They required an original administration down there to get that box open.

It is a yellow clip with a yellow metal Mexican coin.

Mr. HALLEY. What I had in mind was the assets here in the State of Nevada.

Mr. WIENER. I thought you asked for——

Mr. HALLEY. Not jewelry.

Mr. WIENER. Jewelry—I thought you asked what was in California.

Mr. HALLEY. You said it was nominal.

Mr. WIENER. Just wrist watches and combs and things like that. You want all we have listed here?

Mr. HALLEY. Please.

Mr. WIENER. There is a balance in a commercial account in the Union Bank & Trust, in Los Angeles, \$3,763.37. There is a check drawn on the Farmers & Merchants National Bank in Los Angeles in favor of the estate of Benjamin Siegel for \$108.73.

There was 1,000 shares of American Power & Light, subject to a collateral due from the Union Bank & Trust Co., Los Angeles, the loan being in the sum of \$6,375 plus accrued interest, and the net value of that \$7,055.

There was one certificate for 100 shares of Nevada Projects, a certificate for 95 shares in the Nevada Projects. There is a certificate for 25 shares, Nevada Projects. The value of that is zero. There is no value at all.

There is a promissory note dated August 7, 1946, from Nevada Projects Corp., the face amount of \$113,000. We set the value of that at \$68,000.

There is another promissory note from the Nevada Projects in the value of \$25,000. We set it at \$15,000.

There is an accounts receivable from the same for \$22,000, which we appraised at \$13,200.

There was a 1946 Chrysler convertible, which we appraised at \$2,300. I think we sold it for \$1,900 through the estate.

There were some 500 shares of Thikol Corp. stock which we appraised——

Mr. HALLEY. What was that?

Mr. WIENER. T-h-i-k-o-l. What that is, I just know that there were 500 shares of stock.

Senator TOBEY. Any Mountain Mining stock there?



Mr. WIENER. No.

And the interest in the Frontier Turf Club, \$3,353.89.

Mr. HALLEY. Is that all?

Mr. WIENER. The Golden Nugget book at zero.

Mr. HALLEY. To get back to the Golden Nugget, you do not contemplate attempting to obtain that asset for the estate?

Mr. WIENER. At the present time there hasn't been any move to obtain anything.

Mr. HALLEY. Wasn't that your responsibility?

Mr. WIENER. Not solely. Mr. Siegel—Maury Siegel, who is the administrator in the estate—that is, Dr. Siegel—is a resident of Los Angeles, Calif., and he has counsel in Los Angeles who also represented Siegel in Los Angeles, Joseph Ross.

Mr. HALLEY. Who?

Mr. WIENER. Joe Ross. He is with Pacht, Tannenbaum & Ross. He has been giving a lot of the advice from Los Angeles to Mr. Siegel, to Maury Siegel.

Senator TOBEY. What interest did Bugsy Siegel have in the Golden Nugget?

Mr. JONES. Do you mean in the Golden Nugget race book?

Mr. WIENER. I don't know. To my knowledge, there wasn't a written agreement.

Mr. ROBINSON. Is there anything in that file that would indicate that a Harry Sackman did tax work for Mr. Siegel?

Mr. WIENER. Harry Sackman? There is nothing in the file. I would say offhand he never did. The only man that I knew did tax work for Ben—I can tell you in a minute. I think it was Aaron Rosenthal. He is the only one. And then there is a fellow named Sam Pott that did some, but I don't think Sackman did.

Mr. ROBINSON. Is there anything in the file to indicate that Mr. Donald Burcher was the Government agent which Mr. Siegel's tax matters were assigned to?

Mr. WIENER. No; they haven't dealt with me on the tax at all. They haven't even contacted me.

Mr. HALLEY. Wouldn't you think that an interest in a racing book would have some value, particularly at the Golden Nugget?

Mr. WIENER. They had, as I remember, only a—just practically a month-to-month lease in those places, and under those circumstances it would have practically no value because if you are out at the end of a month you haven't got anything you can sell.

Mr. HALLEY. Didn't you know that Rosen had paid \$15,000 by check for that interest.

Mr. WIENER. That he had paid \$15,000?

Mr. HALLEY. Yes.

Mr. WIENER. To my knowledge, he didn't pay it. He may have, but to my knowledge he didn't pay it. Is it secret to whom he paid it? I will say this, he didn't pay it to the estate.

Mr. HALLEY. He apparently paid it to the other owners of the book.

Mr. WIENER. I have some knowledge of that \$15,000. That is hearsay.

Mr. HALLEY. Go ahead.

Mr. WIENER. He didn't pay \$15,000 for the interest. He put up a check for \$15,000 which was to be used as bank roll. I may say this,



that at the time of Siegel's death, as I understand, the bank roll was very limited. They didn't keep much on hand. I imagine if they needed it they always could get \$5,000 or \$10,000, and they didn't book heavy enough so that they would probably lose that much in a day or 2 days.

But when Siegel died I understand that Rosen put up a check for \$15,000 for bank roll, which I presume they could have cashed at the cashier's cage at the Nugget had they needed it, but they never cashed it.

Mr. HALLEY. You understood that was to be for bank roll rather than for his share of the book?

Mr. WIENER. It was never cashed, so I presume that was what it was for.

Mr. HALLEY. Have you filed an income tax for Siegel?

Mr. WIENER. Mr. Rosenthal filed that.

Mr. HALLEY. What was his income in the year in which he died?

Mr. WIENER. I don't have a copy. Mr. Rosenthal in Los Angeles, the certified public accountant, has that.

Mr. HALLEY. Don't you have that information in your mind?

Mr. WIENER. I have never seen it.

Mr. HALLEY. Do you have any idea of what it was?

Mr. WIENER. His income?

Mr. HALLEY. Yes.

Mr. WIENER. I wouldn't have the slightest idea. His income from Nevada would be nothing, I think, because he lost money in the Frontier Turf Club and because at the time of his death he owed quite a few thousand dollars to the Turf—the Frontier Turf Club, to people who had been his partners in the Frontier Turf Club, and they filed claims against the estate for it, which were approved.

Mr. HALLEY. What was the total amount of those claims?

Mr. WIENER. I will tell you in just a moment. One was for—in favor of Moe Sedway for \$3,843.27. One was in favor of his brother-in-law, Solly Soloway, for \$2,305 and—excuse me, that wasn't the Frontier Turf Club. This was the Golden Nugget; I am sorry. Mr. Solly Soloway had \$2,305.96 as a claim. And J. K. House had a claim for \$1,537.30.

Senator TOBEY. Is Sedway a Las Vegas man?

Mr. WIENER. Yes. He owns part of the Flamingo Hotel. Their claims were moneys due from the deceased, an outgrowth of the deceased's drawing in excess of the capital in the Golden Nugget claim in which the deceased and claimants were partners.

The CHAIRMAN. How did this fellow Rosen take over when Siegel got killed? Did he just move in?

Mr. WIENER. As far as I know, he just went down and took over.

The CHAIRMAN. You must know something about it. Who sent Rosen in here, anyway?

Mr. WIENER. He was here before Siegel died. He owned an interest in the Nevada Projects.

The CHAIRMAN. I thought he came back, though, to Las Vegas right after the death of Siegel.

Mr. WIENER. He was in and out all the time. I couldn't say that he came back right after. I think he probably did, but he was here after they opened. I think they opened in December of 1946, I think

about the 26th or 27th, a few days before New Year's, and they closed the end of February, and they opened again the 1st of March; and he was here off and on most of the time.

The CHAIRMAN. Did you find any contract or any agreement or anything that would justify him to move in and take over Siegel's interest?

Mr. WIENER. No; as far as contracts between those fellows, they just—most of them just don't have contracts.

The CHAIRMAN. Any other questions?

Mr. HALLEY. Were you attorney for the Nevada Projects Corp.

Mr. WIENER. Yes.

Mr. HALLEY. What was the business of the Nevada Projects Corp.?

Mr. WIENER. That is the Flamingo. That is the Flamingo Hotel.

Mr. HALLEY. When did you become attorney?

Mr. WIENER. I was attorney for the people that owned the property who sold it to the Nevada Projects. I was attorney all the time until approximately a year ago, and then continued on into the new corporation, the Flamingo Hotel.

Mr. HALLEY. You are still attorney for the Flamingo?

Mr. WIENER. No.

Mr. HALLEY. You were up to about a year ago?

Mr. WIENER. Yes; a year, a year and a half maybe.

Mr. HALLEY. Who were the owners with Siegel of the Flamingo?

Mr. WIENER. Morris Rosen held some stock.

Mr. HALLEY. Did he hold that stock before Siegel's death?

Mr. WIENER. Yes.

Mr. HALLEY. Joseph Ross, the attorney in Los Angeles, had some stock?

Mr. WIENER. Moe Sedway had some stock, Solly Soloway had some stock, Allen Smiley had some stock; a fellow by the name of Black, from Los Angeles, a doctor, I think he is. I don't know him, just except to see him. He has some stock.

Harry Rothberg has some stock, Sam Rothberg—I believe his brother—I believe it was Sam had some stock. I think Lansky had some.

Mr. HALLEY. Did Lansky have some stock?

Mr. WIENER. I think he did.

Mr. HALLEY. Which Lansky?

Mr. WIENER. Meyer.

Mr. HALLEY. How much stock did he have?

Mr. WIENER. That I can't tell you. I can't tell you exactly. It was my recollection that it wasn't a large percentage. I mean, there were so many in it. Siegel held the largest percentage. I think he held about 22 percent.

Mr. HALLEY. Did Dave Berman have any stock?

Mr. WIENER. No; he holds some in the present—or held some in the present corporation.

Mr. HALLEY. Where is Berman from?

Mr. WIENER. Minneapolis or Milwaukee, some place. He works at the Flamingo.

Mr. ROBINSON. A point was reached where Mr. Sanford Adler came into a dominant position with respect to the Flamingo?

Mr. WIENER. That was after Siegel was out; that was after he died.

Mr. HALLEY. We are now talking about the owners with Siegel.

Mr. WIENER. Adler never had anything to do with the Nevada Projects.

Mr. HALLEY. But Meyer Lansky did; is that right?

Mr. WIENER. That is the best of my knowledge, 100 shares.

Mr. HALLEY. What was the change in ownership after Siegel died?

Mr. WIENER. He died in June, the 22d, as I remember. On July—about the end of June Mr. Adler and his associates made an agreement to buy the property from the Flamingo Hotel, Inc.—or from the Nevada Projects, for \$3,900,000 plus interest and inventory, and they formed the Flamingo Hotel, Inc. They made just a little written—short written agreement, paid, I think, \$100,000 down.

Then in July we formed a corporation called Flamingo Hotel, Inc. At that time Adler, Charlie Resnick, and some of the other fellows that had been a partner with him in the El Rancho, together with—they were on one group. And then Gus Greenbaum, Moe Sedway, Dave Berman, Al Abrams, I think he had 1 or 2 percent.

Mr. HALLEY. Gus Greenbaum was the man who runs the wire service in Phoenix; is that right?

Mr. WIENER. I don't know whether he does. I knew he came from Phoenix and he was over there for a couple of years. I don't know if he ran the service. I don't know of my own knowledge.

They agreed to form this Flamingo Hotel, Inc., and they formed it and they were supposed to issue stock, and Adler was supposed to have his—his group had about 49 percent of the stock. They had 49 percent, and they were supposed to get 2 percent, an irrevocable proxy to 2 percent of the stock of the other group.

Adler's group, although they had 49 percent actual ownership, were supposed to get a proxy for 2 percent, an irrevocable proxy, so that they could have the control of the policy of the hotel.

Mr. HALLEY. What happened to Lansky in this reorganization?

Mr. WIENER. He wasn't in it.

Mr. HALLEY. Who got his stock?

Mr. WIENER. There wasn't any. He has the stock, I presume, in Nevada Projects. But they sold—

Mr. HALLEY. To the new group, and he was just washed out then?

Mr. WIENER. Then after that—well, yes, unless he held some notes, he was washed out because the stock had no value.

Mr. HALLEY. After some time Adler left the Flamingo; did he not?

Mr. WIENER. Yes; about in December of '47 or November of '47, somewhere around there, there was a question as to—I know what it was. Morris Rosen—they hadn't issued the stock. This stock was being issued by Mr. Adler's Los Angeles attorney. We didn't handle the issuing of the stock, and he didn't issue the stock for about 5 months although they had put up their money. Morris Rosen wanted his stock issued to him and he was the one that was supposed to give the proxy of 2 percent of his stock to Adler, and that would give them 51 percent in Adler's group and 49 in the other one. And he wouldn't—Adler refused—he was the president of the corporation, and he refused to issue the stock unless Rosen would, at the same time, give an irrevocable proxy for 2 percent, so that he would have control.

They had written this agreement for this irrevocable proxy on a piece of scratch paper without any counsel. There was no attorney



present, and Rosen refused to give up his 2 percent voting rights, so Adler refused to issue the stock. And Rosen brought a mandamus action in the Supreme Court of Nevada, and we had been the attorneys for the Flamingo Hotel, Inc., so we represented the hotel, and Adler also, so we went to the supreme court and fought it out. And a day or two before the decision came down—it was never actually given—Adler called us out to the hotel and we negotiated—Cliff and I negotiated—the sale of their 49 percent to the other group.

Mr. HALLEY. Adler left town about that time; didn't he?

Mr. WIENER. Moved to Reno.

Mr. HALLEY. He has never been back?

Mr. WIENER. Yes; he has. He is back looking for a place.

Senator WILEY. Where does he go?

Mr. WIENER. Reno and Lake Tahoe. He has a club in Reno and a hotel at the lake, hotel at the lake.

Mr. HALLEY. Wasn't Adler threatened with violence by Greenbaum?

Mr. WIENER. Greenbaum? No; absolutely not, to my knowledge. I would say absolutely not.

Mr. JONES. I think what they are trying to get at is the scuffle they had.

Mr. WIENER. The scuffle they had? That happened on a Saturday night. Adler and Rosen had some words. Rosen weighs about 140 pounds. He is about 5 foot 6 or 7. And Adler weighs about 165. He is about the same size. And they got to arguing one night, and I guess one of them took a punch at the other one, and they had a little scuffle for about 2 minutes out at the hotel, and that is when Adler called us and gave Cliff and I and our other partner the power of attorney to negotiate a sale, and the three of us negotiated the sale.

Senator WILEY. How much did you get for it?

Mr. WIENER. I think \$5,000 or \$6,000.

Mr. JONES. For the equity that existed at that time?

Mr. WIENER. It doubled the investment.

Mr. JONES. They made a profit on the deal. Adler made some small profit on the deal. He got his money out with a profit, as I recall.

Mr. HALLEY. Didn't he threaten to kill Adler if he didn't get out?

The CHAIRMAN. Why was he so anxious to sell after that scuffle?

Mr. WIENER. He figured they weren't going to get along and in a gambling operation if the partners don't get along it is not a very good policy to stay in because everybody is handling money.

Mr. JONES. He controlled a competing business, too. At that time he had control of the El Rancho, which was a competitive business, and he was favoring one over the other, and so he let the Flamingo go and went back to El Rancho to concentrate on that.

The CHAIRMAN. Thank you very much.

(Witnesses Wiener and Jones excused.)

#### TESTIMONY OF L. R. GREESON, CHIEF OF POLICE, RENO, NEV.

The CHAIRMAN. Mr. Greeson, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GREESON. I do.



Mr. HALLEY. What is your full name?

Mr. GREESON. Lawrence Russell Greeson.

Mr. HALLEY. You are chief of police at Reno, Nev.?

Mr. GREESON. Yes, sir.

Mr. HALLEY. How long have you held that position?

Mr. GREESON. January 1948.

Mr. HALLEY. Do you know a man named Joseph Stacher?

Mr. GREESON. Never met him personally; no, sir.

Mr. HALLEY. What do you know about him?

Mr. GREESON. The only thing I know about him, sir, is that he applied for a gambling license within the State, was to become a partner in the Bank Club in Reno.

The CHAIRMAN. In what club?

Mr. GREESON. The Bank Club.

Mr. HALLEY. Who are the other present owners of the Bank Club?

Mr. GREESON. William Graham, James MacKay.

Mr. HALLEY. They are the two people who were convicted of Federal mail fraud in New York?

Mr. GREESON. It is my understanding; yes, sir.

Mr. HALLEY. Stacher wanted to become a partner with them in the Bank Club?

Mr. GREESON. There was an additional backer at the time, Sullivan. His first name I do not know. But he was to purchase the third ownership in it.

Mr. HALLEY. What was Stacher's attempt? What did it amount to? Just what did he do and how did you get to have anything to do with the matter?

Mr. GREESON. My part of it comes in in the investigation of all applicants as far as gambling licenses within the city.

Mr. HALLEY. Is that under the new State law or a city of Reno law?

Mr. GREESON. They are issued licenses by the State, but if any investigation shows that they aren't men that should be in, I can satisfy the council on that. Then they are not—

Senator TOBEY. So you have a negative on the commission?

Mr. GREESON. No, sir; mine is only city.

Mr. HALLEY. The law of the State of Nevada requires that any gambler must have all licenses in the area in which he operates?

Mr. GREESON. He must have not only the State, but a city and county license in the county that requires it.

Mr. HALLEY. Had Stacher received a State license?

Mr. GREESON. No, sir.

Mr. HALLEY. He was trying to get a license, though, in the city of Reno?

Mr. GREESON. Yes.

Mr. HALLEY. And your check found he had a long prison record?

Mr. GREESON. No; not a long prison record. He was never convicted. He was picked up many times.

Mr. HALLEY. A long police record, let us say.

Mr. GREESON. Yes.

Mr. HALLEY. He was an associate of eastern gamblers?

Mr. GREESON. That is correct.

Mr. HALLEY. What efforts did he make to persuade you to permit him to receive a license in Reno?

Mr. GREESON. Persuade me? I never met the man.

Mr. HALLEY. Did you, directly or indirectly, hear about efforts which he was making in Reno?

Mr. GREESON. I heard indirectly, I guess.

Mr. HALLEY. Will you state what you know about the matter?

Mr. GREESON. The only thing I know is that he apparently paid for a third interest in the club. He made direct application to the State, and as soon as the State application was—would have cleared, he would have made application to the city.

Senator TOBEY. Who did he pay his money to?

Mr. GREESON. This is only hearsay, sir, but it was supposedly paid to Mr. Sullivan, the third owner of the Bank Club.

Mr. HALLEY. Do you recall talking about the case with Mr. Robinson, here, at the convention of the International Society of Chiefs of Police at Colorado Springs?

Mr. GREESON. Yes, sir.

Mr. HALLEY. Did you tell Mr. Robinson any other things about Stacher making certain statements about what he was prepared to spend in order to have his way in Reno?

Mr. GREESON. There was a reported statement that he was willing to spend in the neighborhood of \$250,000 to elect or to get in the group which would permit his buying into the club, that is, in the city administration.

Mr. HALLEY. You say it was a purported statement? What do you mean by that?

Mr. GREESON. That only come to us as hearsay.

Mr. HALLEY. From whom did it come to you?

Mr. GREESON. It was common knowledge in town.

Mr. HALLEY. Did you deny Stacher's application for a license?

Mr. GREESON. Did I deny it?

Mr. HALLEY. Or did you recommend that it be denied?

Mr. GREESON. It never came to me.

Mr. HALLEY. You say he bought this interest in the club?

Mr. GREESON. That is right.

Mr. HALLEY. Then he applied for a license; is that right?

Mr. GREESON. To the State.

Mr. HALLEY. Did he apply to the city at all?

Mr. GREESON. Not as far as I know. Yes—there was an application made, although no action is taken within the city until the State acts on it. The State denied the application first.

Mr. HALLEY. The State denied it on the basis of his reputation? You don't know why it was denied?

Mr. GREESON. I know it was denied.

Mr. HALLEY. Were you prepared to deny it in any event?

Mr. GREESON. Yes, sir.

Mr. HALLEY. You say it was common knowledge that he said he was prepared to spend a quarter of a million dollars to get his way?

Mr. GREESON. That was statements that were made in the town. As to where they originated, I could not know.

Mr. HALLEY. Did Stacher leave town?

Mr. GREESON. Yes.

Mr. HALLEY. You never had an opportunity to talk to him about it?

Mr. GREESON. No, sir.

Mr. HALLEY. Do you know whether he made any effort to persuade or otherwise influence any public officials to give him a license or permit him to operate?

Mr. GREESON. Not within the city.

Mr. HALLEY. Did he make efforts in any other place?

Mr. GREESON. I do not know.

Mr. HALLEY. Did you hear any talk about it?

Mr. GREESON. As far as my own knowledge, I couldn't say one way or the other, sir.

Mr. HALLEY. That is all.

Senator WILEY. You are the chief of police; is that it?

Mr. GREESON. Yes, sir.

Senator WILEY. How long have you been chief of police?

Mr. GREESON. Since January 1948.

Senator WILEY. Of course you are acquainted with the wide open gambling here?

Mr. GREESON. Yes, sir.

Senator WILEY. Do you know of any ramifications that would be outside the State?

Mr. GREESON. You mean with the clubs in Reno itself?

Senator WILEY. Yes.

Mr. GREESON. No, sir; not in Reno.

Senator WILEY. You are chief of police at Reno?

Mr. GREESON. Yes.

Senator WILEY. Did you ever hear any talk or rumor to the effect that anybody from outside was muscling in?

Mr. GREESON. Do you mean trying to get in with the city?

Senator WILEY. Yes.

Mr. GREESON. This is the sample of it here that I have just been questioned on. It was my conviction that he was.

Senator WILEY. That is the only instance you know of?

Mr. GREESON. Yes.

Senator WILEY. Do you know of any connection? Did you hear of any connection with trying to muscle into this city here?

Mr. GREESON. Well, that is only hearsay—

Senator WILEY. I understand. We are hunting.

Mr. GREESON. My interest, as I say, sir, is in Reno, and that is my specific job.

Senator WILEY. You intimated, though, in reply to my question, that perhaps you heard something about outside interests muscling in here.

Mr. GREESON. You hear of it, yes. As to how much basis there is behind it, I don't know. I have enough in Reno in the way of investigation that I don't have time to be worried too much about the other portions.

The CHAIRMAN. How about Morton and Lou Wertheimer? Don't they have interests outside of Nevada?

Mr. GREESON. They are in Riverside, in the Riverside Hotel now. They at one time had interests outside, I know.

The CHAIRMAN. Where did they have interests?

Mr. GREESON. This again is only hearsay. I know they were supposed to have been in Detroit, Florida, California.

Senator TOBEY. Do you mean the Riverside Inn?

Mr. GREESON. No, they are at the Riverside Hotel in Reno. They have a month-to-month basis. Lou Wertheimer is at the Mapes.

The CHAIRMAN. Lou Wertheimer has outside interests, doesn't he?

Mr. GREESON. I couldn't say, sir.

The CHAIRMAN. You have heard he does?

Mr. GREESON. I wouldn't even say that. He had them; there is no question about that. Whether they still exist, I couldn't say.

The CHAIRMAN. Anything else?

Mr. HALLEY. Nothing else.

(Witness excused.)

The CHAIRMAN. Mr. Clark is the next witness. Mr. Clark, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CLARK. I do.

### TESTIMONY OF WILBUR IVERN CLARK, LAS VEGAS, NEV.

Mr. HALLEY. What is your full name?

Mr. CLARK. Wilbur Ivern Clark.

Mr. HALLEY. Your residence?

Mr. CLARK. Las Vegas, Highway 91.

Mr. HALLEY. Are you the owner of the Desert Inn, or one of the owners?

Mr. CLARK. Well, that is a corporation.

Mr. HALLEY. Are you now employed by that corporation?

Mr. CLARK. Yes.

Mr. HALLEY. Have you any other occupation?

Mr. CLARK. My brother and I have an interest in a cocktail bar in San Diego, and a little hotel.

Mr. HALLEY. Is the cocktail bar connected with the hotel?

Mr. CLARK. No.

Mr. HALLEY. Where is the hotel?

Mr. CLARK. I mean the hotel in San Diego. He and I had that 13 years.

Mr. HALLEY. What is the name of that hotel?

Mr. CLARK. Barbara Worth.

Mr. HALLEY. Do you have any other business interests?

Mr. CLARK. No.

Mr. HALLEY. When did you first begin to build the Desert Inn, Mr. Clark?

Mr. CLARK. The actual construction of it?

Mr. HALLEY. Yes.

Mr. CLARK. I believe that was in May of 1947. It was around that time.

Mr. HALLEY. How was it originally financed?

Mr. CLARK. I went as far as I could with my money I had, and I got some from my brother and two or three other boys that I knew in San Diego.

Mr. HALLEY. Specifically who put up the original financing?

Mr. CLARK. I did, myself.

Mr. HALLEY. What was the original amount of money which you invested?



Mr. CLARK. Well, I would hate to say because I don't know exactly. I have that on the records, of course.

Mr. HALLEY. What is your best estimate at this time?

Mr. CLARK. It would be around a quarter of a million, I imagine.

Mr. HALLEY. That was your own money?

Mr. CLARK. My own money and my brother's and Mr. Nary's.

Mr. HALLEY. Who is Mr. Nary?

Mr. CLARK. That is a friend of mine from San Diego.

Mr. HALLEY. What is his full name?

Mr. CLARK. Thomas E. Nary.

Mr. HALLEY. Were there any other investors?

Mr. CLARK. Yes, Billie Williams. I think it is Alton Williams.

Mr. HALLEY. Where is his residence?

Mr. CLARK. It is Las Vegas.

Mr. HALLEY. Anyone else?

Mr. CLARK. Well——

Mr. HALLEY. We are now talking about the original investment.

Mr. CLARK. No, that is it.

Mr. HALLEY. How much did the hotel take to build? What was the total cost before completion?

Mr. CLARK. Well, I don't know what you mean by that question.

Mr. HALLEY. What is the book value of the Desert Inn?

Mr. CLARK. I would hate to say. I don't know exactly.

Mr. HALLEY. You were in charge of the construction of the building, weren't you?

Mr. CLARK. No, I was there. I wasn't in charge.

Mr. HALLEY. Who handled the finances?

Mr. CLARK. A boy by the name of Allard Rowan.

Mr. HALLEY. Does he own any part of it?

Mr. CLARK. I don't know whether he has any money in it or not.

Mr. HALLEY. What happened to the original \$250,000? Was that placed in a corporation?

Mr. CLARK. Well, there was a corporation formed. I think that was just my money in there, and then we formed a corporation but never did use the corporation. Then I run out of money again and in 1949, which was—no, let's see—last year I got a fellow to go in with me by the name of Rodison, R-o-d-i-s-o-n, and he put in \$50,000 and was supposed to put in some more, and he wasn't very happy with the proposition for some reason, and then these fellows from Cleveland come in.

Mr. HALLEY. How did they happen to come in?

Mr. CLARK. I'll tell you——

Mr. HALLEY. Try to be a little more businesslike in explaining these series of transactions about the financing, would you mind?

Mr. CLARK. They are in Reno on a vacation, and of course they knew, like everybody in the United States knew, that I was trying to get money. I had set there from 1947 to 1949, was sitting there not finished.

Mr. HALLEY. You started building this in 1947, is that right?

Mr. CLARK. 1947.

Mr. HALLEY. In 1949 you needed money to finish it, is that right?

Mr. CLARK. I needed money the latter part of 1947, I believe it was, that I stopped construction.

Mr. HALLEY. Were you unable to obtain any money between then and 1949?

Mr. CLARK. On that particular piece of property, yes.

Mr. HALLEY. And then who were the people who came into it in 1949?

Mr. CLARK. Well, they are all on record out there. One of them is named Sam Tucker, Moe Dalitz, D-a-l-i-t-z, Morris Kleinman, and Thomas McGinty. And then there is two or three small ones that I don't know whether they have money in it or not. I know they are in the organization.

Mr. HALLEY. Is there a Louis Rothkopf?

Mr. CLARK. No.

Mr. HALLEY. Is there an Anthony Milano?

Mr. CLARK. No.

Mr. HALLEY. Are you sure that neither of them has an interest?

Mr. CLARK. As far as I know, I have never heard of either men that were putting in any money in it. I know they are not in the corporation.

Mr. HALLEY. How did you happen to meet them?

Mr. CLARK. Well, let's see; the first time I met them about 3 or 4 months before, here in Las Vegas, and I put the proposition to them, and they didn't like it. They turned it down.

Mr. HALLEY. At this time you owned what percentage?

Mr. CLARK. I had everything up at that time. It was mine, what I had built.

Mr. HALLEY. Was it a corporation or a partnership?

Mr. CLARK. I think it was still just myself. Like I told you, we started a corporation and we never did use the corporation.

Mr. HALLEY. Had you borrowed the money from the other investors, such as your brother, or did they have an interest?

Mr. CLARK. They were going to get their part of the percentage of whatever it amounted to when the place was finished.

Mr. HALLEY. Then you began to negotiate with the people from Cleveland, is that right?

Mr. CLARK. That is right. They come here from Reno and I said I couldn't do anything because Mr. Rodison is in here and he is supposed to raise money for me.

Mr. HALLEY. Who is Mr. Rodison?

Mr. CLARK. He is the fellow that I started with again in 1949, and "if he cares to make a deal with you fellows, that is fine." I said, "All I am interested in is getting the place built."

Mr. HALLEY. At that point had Mr. Rodison put some money in?

Mr. CLARK. \$50,000, yes.

Mr. HALLEY. And then did you negotiate with Rodison and the Cleveland group?

Mr. CLARK. I introduced Mr. Rodison to Mr. Kleinman and Mr. Dalitz, and they made the deal with Mr. Rodison, and then I had my attorney come over from San Diego and made the deal.

Mr. HALLEY. What is the present arrangement?

Mr. CLARK. Well, it is a corporation. I am the president and Mr. Kleinman is the vice president, Al Rowan is the secretary, and I believe Mr. Dalitz is the treasurer.

Senator TOBEX. How much stock do you own?

Mr. CLARK. I have 25 percent of the stock. I forgot Mr. Krosnick. He is also in on this thing, too. Mr. Krosnick has 4 percent of this 25, and my brother has 2. Mr. Nary has 1½, and my brother has 1. So how much is that? I have the rest of 25 percent.

Mr. HALLEY. How much money did the Cleveland group invest?

Mr. CLARK. I don't know. I couldn't say that because I wouldn't tell the truth. I mean, we have only been open a few months.

Mr. HALLEY. You negotiated the deal, did you not?

Mr. CLARK. I know they were to finish the place. That is all. I would be glad to get the books or have the auditors get any of that stuff for you, but if I would say, I don't know.

Mr. HALLEY. You mean the deal is that they were to finish the place?

Mr. CLARK. That is right.

Mr. HALLEY. Who put up the bank roll?

Mr. CLARK. They had to come up with the money.

Mr. HALLEY. First you had the man Rodison, who put in \$50,000. What percentage did he get?

Mr. CLARK. There was no deal made. It was just one of those things. If it got into the building—

The CHAIRMAN. What we want to know is, what does Mr. Rodison have now?

Mr. CLARK. Mr. Rodison doesn't have anything.

The CHAIRMAN. They paid him out?

Mr. CLARK. Yes, sir.

Senator TOBEY. How much did Kleinman & Co. get?

Mr. CLARK. Kleinman & Co. got 74 percent. A fellow named Herman Greenspun got 1 percent.

Senator TOBEY. How did he get that?

The CHAIRMAN. Where does he come from?

Mr. CLARK. Herman Greenspun was a boy around here that I have known for a long time, and we started on another piece of property that finally wound up being in the total. It is right next to it. It is a separate piece of property, and he went out and helped me raise a little money, and when this thing all wound up he wound up with 1 percent of the corporation, and they have 74; Mr. Greenspun 1; and I have 25.

Senator TOBEY. That is gross?

Mr. CLARK. That is gross.

Mr. HALLEY. Is there a separate operating company aside from the owning company?

Mr. CLARK. That is right. There is a company that operates the whole thing, and this is a company that operates this motel part that we put into the hotel which Mr. Greenspun has 30 percent of the motel part. The corporation has 70; I have 25 percent of the 70 percent.

Mr. HALLEY. The corporation, then, has 70 percent of the motel?

Mr. CLARK. That is right.

Mr. HALLEY. And 100 percent of the gambling, is that right?

Mr. CLARK. Right, the corporation.

Mr. HALLEY. And who runs the restaurants?

Mr. CLARK. Well, it is all run under one management.

Mr. HALLEY. Is that in the hands of the corporation or the motel?

Mr. CLARK. No, the motel has nothing to do with it. The motel has paid off at the rate, I believe, of \$1.50 a day per room, and Green-spun gets 30 percent of that, and the corporation gets 70.

Mr. HALLEY. Do you get any salary?

Mr. CLARK. Do I get a salary? Yes. I haven't got one yet. I am supposed to get one. We haven't set it up yet.

Mr. HALLEY. How long has the Desert Inn been in operation?

Mr. CLARK. Since the 24th of April; 6½ months.

Mr. HALLEY. Who is on the premises representing the Cleveland group?

Mr. CLARK. Right now Mr. Tucker is there and Mr. Rowan is there and Mr. Jones. But I don't know whether he has a percentage or not. I believe he is one of the directors of the company.

Senator TOBEY. Is Kleinman there?

Mr. CLARK. He isn't there.

Senator TOBEY. How recently has he been there?

Mr. CLARK. I think he left last Tuesday. I am not sure.

Senator TOBEY. Where did he go?

Mr. CLARK. That I don't know.

Mr. HALLEY. What is your function at the hotel? What do you do there?

Mr. CLARK. Well, I am supposed to be the general manager.

Mr. HALLEY. Are you?

Mr. CLARK. I think so.

Mr. HALLEY. Are you also managing the gambling operation?

Mr. CLARK. Every department has the heads. It is a big corporation.

Mr. HALLEY. Who are the heads? That is what I am attempting to ascertain.

Mr. CLARK. Do you mean the heads of each individual department?

Mr. HALLEY. Yes.

Mr. CLARK. The hotel is run by a manager by the name of Stocking.

Mr. HALLEY. Under your supervision?

Mr. CLARK. Well, it is under the directors' supervision.

Mr. HALLEY. Under what directors? Who are the directors?

Mr. CLARK. If there is anything made that is big, a decision, they have a directors' meeting.

Mr. CLARK. Myself. I believe it is Mr. Kleinman and Mr. Dalitz.

Senator TOBEY. You have the most nebulous idea of your business I ever saw. You have a smile on your face but I don't know how the devil you do it.

Mr. CLARK. I have done it all my life.

Senator TOBEY. Let me ask you this: You just told us that you got 25 percent. How much did you pay—how much did you put in originally?

Mr. CLARK. Approximately—I say, I don't know for sure.

Senator TOBEY. I know, approximately.

Mr. CLARK. Around \$200,000 or a little more.

Senator TOBEY. So you got an equity of \$200,000 put in originally? These fellows come in and finish the job, an amount you don't know anything about. They finish the job.

Mr. CLARK. I know approximately.

Senator TOBEY. He asked you and you said you didn't know.

Mr. CLARK. I don't like to say because I don't know.



Senator TOBEY. What do you think approximately?

Mr. CLARK. Well, I know that it costs over a million and a half.

Senator TOBEY. So they put in a million and a half?

Mr. CLARK. No; I mean——

Senator TOBEY. How much did they put in?

Mr. CLARK. I think they put in around a million and a half.

Senator TOBEY. And they got 74 percent for the million and a half?

Mr. CLARK. Yes.

Senator TOBEY. And you got 24 percent for your \$200,000, is that right?

Mr. CLARK. That is right.

Senator TOBEY. What represents the difference, the inequality there?

Mr. CLARK. I don't know. That is the way it is.

Senator TOBEY. Who are the other directors? Yourself, Kleinman, McGinty, Dalitz——

Mr. CLARK. Dalitz and——

Senator TOBEY. Tucker?

Mr. CLARK. Well, I don't think Tucker is a director.

Senator TOBEY. How many directors are there altogether? You must know that.

Mr. CLARK. There is five in all; myself and Kleinman and Dalitz, Rowan and Jones, is a director.

Senator TOBEY. Then McGinty and Tucker are not directors?

Mr. CLARK. No; I am sure they are not.

Senator TOBEY. You are the president of the company?

Mr. CLARK. Yes.

Senator TOBEY. Who is vice president?

Mr. CLARK. Kleinman.

Senator TOBEY. Who is treasurer?

Mr. CLARK. Dalitz.

Senator TOBEY. Is Dalitz on the premises regularly?

Mr. CLARK. No, he has been there several times this week.

Mr. HALLEY. Then you are the resident manager, is that right?

Mr. CLARK. Yes, sir.

Mr. HALLEY. Who operates the gambling there? Who is in charge of that?

Mr. CLARK. Well, we have Mr. Jones. There is a Mr. Williams.

Mr. HALLEY. What are their full names, please?

Mr. CLARK. Cornelius Jones, and he represents those fellows, and Mr. Williams represents my group, Alton Williams.

Mr. HALLEY. And they jointly operate the gambling rooms?

Mr. CLARK. Well, I mean they are in charge at the hotel. It is one complete operation.

Mr. HALLEY. Are they under your supervision?

Mr. CLARK. Yes, they are under the directors' supervision. I mean, if there is any decisions to be made, it has got to be made by everyone.

Mr. HALLEY. Who is chief executive officer of the company?

Mr. CLARK. I am the president. I don't know.

Mr. HALLEY. You must be, then; are you?

Mr. CLARK. I don't know just exactly.

Mr. HALLEY. Do you have authority as president of the company?

Mr. CLARK. I have authority to a certain extent, yes.

Mr. HALLEY. Is there a chairman of the board of directors?

Mr. CLARK. No.

Mr. HALLEY. Then you would be the chief officer, would you not, as president?

Mr. CLARK. I suppose so.

Senator TOBEY. How often do you have directors meetings?

Mr. CLARK. I think we have had about three, since.

Senator TOBEY. You have minutes taken of all these meetings, don't you, written up and approved each time?

Mr. CLARK. Yes.

Senator TOBEY. Are they on hand? Are they available?

Mr. CLARK. Well, sure.

Senator TOBEY. That would show the delegation of power, what your delegation was and what your strength was?

Mr. CLARK. That is right out in the hotel at the auditor's office.

Mr. HALLEY. Who is your auditor?

Mr. CLARK. Sam Wiener & Co., from Los Angeles.

Mr. HALLEY. Who are your counsel for the operation?

Mr. CLARK. Mr. MacNamee, here in Las Vegas, Leo MacNamee.

Mr. HALLEY. What is the total bank roll for the gambling operations?

Mr. CLARK. What is the total?

Mr. HALLEY. Yes.

Mr. CLARK. I believe that we have \$100,000 bankroll.

Mr. HALLEY. Did you put up your share of the bankroll?

Mr. CLARK. No.

Mr. HALLEY. That was part of the deal, that they put up your share of the bankroll?

Mr. CLARK. That is right.

Mr. HALLEY. Does your share come out of the profits, or simply your end?

Mr. CLARK. When they get a certain amount of money back, after what they put in to make it even. For instance, if the place was supposed to cost a million dollars, and I had 25 percent, that means that they would have to—they would get \$750,000 and I would get \$250,000. But anything they put in over that they are entitled to get out first, before I get any profits.

Mr. HALLEY. According to, I believe, Life magazine and various other publications, a great deal more than \$1,500,000 was invested in that building. What was invested, do you know?

Mr. CLARK. You will have to see the books on that.

Mr. HALLEY. Could it have been as much as 5 or 6 million dollars?

Mr. CLARK. I mean, it is right on the books. I told you what I thought it was. I am sure it is over a million and half.

Mr. HALLEY. You don't think it could be as much as \$5,000,000?

Mr. CLARK. I know it is not possible to be anyways near, close. It is only what I said.

Mr. HALLEY. In your efforts to raise money to complete the structure, who did you approach.

Mr. CLARK. I approached everybody in the United States, almost?

Mr. HALLEY. Did you approach Frank Costello?

Mr. CLARK. No.

Mr. HALLEY. No?

Mr. CLARK. No.

Mr. HALLEY. Phil Kastel?

Mr. CLARK. No.

Mr. HALLEY. Meyer Lansky?

Mr. CLARK. No.

Mr. HALLEY. Jack Lansky?

Mr. CLARK. No, never met any of those gentlemen in my life.

Mr. HALLEY. Jack Dragna?

Mr. CLARK. No.

Mr. HALLEY. Mike Accone?

Mr. CLARK. No.

Mr. HALLEY. Did you ever approach Siegel?

Mr. CLARK. No; I don't think I ever saw him.

Mr. HALLEY. Did you approach any gamblers for financing, and if so, who?

Mr. CLARK. No. I was open to anyone but it was mostly people—I even went back to Washington and tried to get money from the RFC. I didn't stop any place.

Senator TOBEY. They have done enough things to be called suckers without doing that.

Mr. HALLEY. Is there any mortgage on the property?

Mr. CLARK. Yes, we have a \$500,000 mortgage.

Mr. HALLEY. Who issued that mortgage?

Mr. CLARK. It is a company in Texas. I don't know what the company's name is.

Mr. HALLEY. Is it a bank or a mortgage company?

Mr. CLARK. I think it is a mortgage company.

Mr. HALLEY. Did you know that Morris Kleinman has served a 3-year sentence in Federal prison?

Mr. CLARK. I have heard that, yes. I don't know it.

Mr. HALLEY. Did you know whether or not he was in the gambling business in the East?

Mr. CLARK. By rumors, that is all.

Mr. HALLEY. Did you have knowledge of McGinty's background?

Mr. CLARK. No, I hadn't. I never heard of Mr. McGinty.

Mr. HALLEY. He is one of your associates, is he not?

Mr. CLARK. That is right.

Mr. HALLEY. Did you know that he had a bootlegging conviction?

Mr. CLARK. I have heard that; yes, sir.

Mr. HALLEY. Did you know that he had operated gambling houses in the East?

Mr. CLARK. I mean, I don't know it. Again it is a rumor.

Mr. HALLEY. Tucker is another one of your associates, is that right?

Mr. CLARK. Yes.

Mr. HALLEY. Did you know that he had been engaged in the gambling business in the East?

Mr. CLARK. I had heard the same about Mr. Tucker; yes, sir.

Mr. HALLEY. He has been interested in the gambling casinos in Covington, Ky., has he not, across from Cincinnati?

Mr. CLARK. There has been rumor to that. I can't say that is so.

Mr. HALLEY. It may be Newport as well as Covington. Do you know the area I am talking about?

Mr. CLARK. Yes, sir.

Mr. HALLEY. Wasn't he interested in that area, in gambling casinos there?

Mr. CLARK. I couldn't say that he was because I don't know.

Mr. HALLEY. But you have heard that?

Mr. CLARK. Yes, I have heard that.

Senator TOBEY. Before you got in bed with crooks, to finish this proposition, didn't you look into these birds at all?

Mr. CLARK. Not too much; no, sir.

Senator TOBEY. You didn't care where the money came from or how dirty or rotten, as long as you finished the building, is that it?

Mr. CLARK. Well, I wanted the building finished. I didn't hear anything bad about those fellows.

Mr. HALLEY. Dalitz, also, was associated with Kleinman, was he not, bootlegging and gambling activity?

Mr. CLARK. They come out here together. I know nothing about their background at all.

Mr. HALLEY. Dalitz has a laundry service here, has he not?

Mr. CLARK. I don't think so.

Mr. HALLEY. The Pioneer Laundry Service?

Mr. CLARK. That is a new one on me.

Mr. HALLEY. Has he been in the laundry business in the East?

Mr. CLARK. I don't know. I have heard that he has been in the laundry business.

Mr. HALLEY. When these people joined your enterprise, you know that they were people who had operated illegal gambling enterprises throughout the country, is that right?

Mr. CLARK. I have heard that, yes. I have never saw them operate but I heard that.

Mr. HALLEY. When you were building the Desert Inn, did you visit a lot of gambling establishments to observe their layout?

Mr. CLARK. No, no.

Mr. HALLEY. You told that to the press, though, didn't you?

Mr. CLARK. No; I told the press nothing. I don't tell the press what to write; they write what they want.

Mr. HALLEY. Did you, in fact, visit gambling establishments throughout the country?

Mr. CLARK. No. I used to work as a dealer years ago.

Mr. HALLEY. Where did you work as a dealer?

Mr. CLARK. In 1937 was the last time I ever worked. I worked in Saratoga. I believe the place was named Piping Rock.

Mr. HALLEY. Who owned it?

Mr. CLARK. I have no idea.

Mr. HALLEY. Did you ever meet Frank Costello?

Mr. CLARK. Never met the man in my life.

Mr. HALLEY. You say you never met Meyer Lansky?

Mr. CLARK. No, sir.

Mr. HALLEY. Did you ever meet Joe Adonis?

Mr. CLARK. No, sir.

Mr. HALLEY. Have you ever met Charlie Fischetti?

Mr. CLARK. No.

Mr. HALLEY. Have you ever met Mike Accone?

Mr. CLARK. No; I don't know him.

Mr. HALLEY. Who employed you to work at the Piping Rock?

Mr. CLARK. I don't know. 1937 is a long time ago.

Mr. HALLEY. What other gambling establishments did you ever work in?



Mr. CLARK. Well, to go back to 1932 or 1931, I worked in a place called the Edgmont Club in Hollywood. That was in 1931. I worked on the old gambling boats in 1932.

Mr. HALLEY. Do you mean off the California shores?

Mr. CLARK. That is right.

Mr. HALLEY. Which boats did you work on?

Mr. CLARK. I worked on the *Joanne A. Smith*. It burned down. And the *Monte Carlo*—no; I didn't work the *Monte Carlo*. It was the *Tango*. I am sorry.

Mr. HALLEY. Who were your employers in the *Tango*?

Mr. CLARK. Clarence Blicer was supposed to be the main fellow, but I imagine he had a lot of partners. I don't know.

Mr. HALLEY. What kind of dealer were you, what game?

Mr. CLARK. I was a crap dealer at that particular time.

Mr. HALLEY. Did you ever deal in any other game?

Mr. CLARK. Yes; I have dealt the wheel. I have dealt twenty-one.

Mr. HALLEY. Where else have you worked as a dealer?

Mr. CLARK. I broke in as a dealer in 1931 in Reno, at the Bank Club.

Mr. HALLEY. Have you ever worked in Florida?

Mr. CLARK. No; never on the east coast, only 30 days in Saratoga. That was the only time I was ever East.

Mr. HALLEY. You never worked in New Jersey?

Mr. CLARK. No; only Saratoga.

Mr. HALLEY. Where else have you worked?

Mr. CLARK. I have worked in Palm Springs 3 or 4 years, a place called the 139 Club.

Mr. HALLEY. Who owned that?

Mr. CLARK. A fellow by the name of Earl Saucer.

Mr. HALLEY. Did Frank Portmeier have any connection with that?

Mr. CLARK. No, no.

Mr. HALLEY. Portnoy?

Mr. CLARK. Frank Portnoy; I knew Frank Portnoy, but I had no connection.

Mr. HALLEY. Where else have you worked as a dealer?

Mr. CLARK. I worked at a place in Hollywood, too, called the La Boheme. That was in 1933.

Mr. HALLEY. You say in 1937 you stopped working. What did you do from 1937 on, after you gave up working?

Mr. CLARK. I didn't stop working.

Mr. HALLEY. I am just using your words.

The CHAIRMAN. He said he stopped working as a dealer.

Mr. CLARK. Stopped working as a dealer, I said.

Mr. HALLEY. What did you do after 1937?

Mr. CLARK. I had this little hotel in San Diego.

Mr. HALLEY. When did you acquire that?

Mr. CLARK. That, I believe, in 1936 or 1937.

Mr. HALLEY. Were you the sole owner?

Mr. CLARK. Yes; up until, I think, 1941, and I cut my brother in for half of that.

Mr. HALLEY. What other businesses have you had since 1937?

Mr. CLARK. I had four or five cocktail bars in San Diego.

Mr. HALLEY. Did you have gambling in any of them?

Mr. CLARK. No; I had a card room, a legitimate—they called it legitimate. They gave you a license to deal draw poker, which isn't

against the law in California, in the Monte Carlo. And I also had a cardroom around the corner called the Bomber Club.

Mr. HALLEY. Did you have any gambling in your hotel?

Mr. CLARK. No.

Mr. HALLEY. Did you know Bompeniero of the Gold Rail, San Diego?

Mr. CLARK. No.

Mr. HALLEY. Do you know the Gold Rail?

Mr. CLARK. I know the man who built the Gold Rail, but I don't know this fellow you are talking about.

Mr. HALLEY. You have never met him?

Mr. CLARK. I couldn't say I didn't. The name didn't hit me at all.

Mr. HALLEY. What other businesses have you had?

Mr. CLARK. That is all.

Mr. HALLEY. And you were able to amass—

Mr. CLARK. I had the El Rancho Vegas Hotel here. I had that place for 2 years.

Mr. HALLEY. During which 2 years did you have that?

Mr. CLARK. I went there June 15th of 1944 and left there April 1, 1946.

Mr. HALLEY. What did you have there, a lease?

Mr. CLARK. No; I bought it outright with two other fellows, and at the latter part of it I had a lease.

Mr. HALLEY. Who were the other two people?

Mr. CLARK. Clayton Smith and Sid Barish.

Mr. HALLEY. Where were they from?

Mr. CLARK. Los Angeles.

Mr. HALLEY. What businesses had they been in previously?

Mr. CLARK. Clayton Smith has been a hotel man all his life, and Sid Barish in the hotel-brokerage business. I think he calls his business.

Mr. HALLEY. How much did you pay for the El Rancho Vegas?

Mr. CLARK. Do you mean in cash or do you mean on paper?

Mr. HALLEY. Both.

Mr. CLARK. We paid at the rate of, I believe, \$1,000,000, \$50,000 down.

Mr. HALLEY. What happened to your interest in the El Rancho Vegas?

Mr. CLARK. I sold out in November or December of 1945 with a lease to run the casino until April 1, 1946; sold it to Joe Drown, the fellow that we bought the place from.

Mr. HALLEY. What was the selling price?

Mr. CLARK. On paper again, if I am not mistaken, it was around \$1,500,000. Those figures are all down on black and white. I would hate to say those things because books is the last of my department. I never take any care of that. I always had auditors to do that sort of thing, because I am not much of a businessman.

Mr. HALLEY. Then you made a profit on the El Rancho deal?

Mr. CLARK. Sure, I had a profit.

Mr. HALLEY. Did you have a third of that deal? What was your interest with your two partners?

Mr. CLARK. I had 45 percent, when we first went in.

Mr. HALLEY. What did you have at the end?

Mr. CLARK. I had 60 percent, and I gave Paul—wait a minute. That is right. I gave Paul 15 percent.

Mr. HALLEY. As you stated, you made \$350,000; is that right?

Mr. CLARK. Who said that?

Mr. HALLEY. The profit on the resale was \$350,000?

Mr. CLARK. I don't know exactly what it was. I would be glad to find out exactly what you want to know.

Mr. HALLEY. Was it in the neighborhood of several hundred thousand dollars?

Mr. CLARK. Well, yes; I would say it was.

Senator TOBEY. Is that unusual in your life, to make a profit of a quarter of a million dollars? Is that unusual in your life's experience?

Mr. CLARK. It is very unusual.

Senator TOBEY. Wouldn't you naturally remember about what it was?

Mr. CLARK. No; it is quite a while ago, you know.

Senator TOBEY. I think it would stand out like a sore thumb.

Mr. HALLEY. That is where you got the money to finance the Desert Inn; isn't it?

Mr. CLARK. That is where I would say I got the most of what I had.

Mr. HALLEY. How much cash did you put in the El Rancho deal?

Mr. CLARK. I just told you, \$50,000.

Mr. HALLEY. How much of that was your own?

Mr. CLARK. Whatever 45 percent of \$50,000 is.

Mr. HALLEY. Something under \$25,000?

Mr. CLARK. That is right.

Mr. HALLEY. How much cash did you get out of it on the final sale?

Mr. CLARK. Again I would have to find out. I got \$100,000 at one time. That was at the end of it. I mean, when you start asking about those figures, I don't know. I would be glad to get them for you.

Mr. HALLEY. You got your money back with your share of the profit of several hundred thousand dollars; is that right?

Mr. CLARK. I got a very nice profit. I don't remember exactly what it was.

Mr. HALLEY. And that is what you used to finance the Desert Inn?

Mr. CLARK. I guess I had a few dollars that I had saved up over my life.

Mr. HALLEY. That is all.

The CHAIRMAN. In all of this career of yours, did you ever get arrested or convicted?

Mr. CLARK. No, sir.

The CHAIRMAN. You always have been fortunate?

Mr. CLARK. I don't think fortunate. I just never did do anything to get arrested.

The CHAIRMAN. Does any of the New York group come and stay with you at the Desert Inn?

Mr. CLARK. There has never been any since we have been there. If they have, I don't know.

The CHAIRMAN. Frank Costello, Erickson?

Mr. CLARK. I have heard of them.

The CHAIRMAN. Machetti, of Chicago?

Mr. CLARK. I don't know any of them at all. I have heard of all of them, naturally. I read the papers.

The CHAIRMAN. But they never have been to see you?

Mr. CLARK. No, sir; not to see me. If they have been in the hotel, I don't know.

The CHAIRMAN. How many guest rooms do you have in the Desert Inn?

Mr. CLARK. Approximately 225, I would say. It is very close.

The CHAIRMAN. That is all.

(Witness excused.)

TESTIMONY OF MOE SEDWAY, VICE PRESIDENT, FLAMINGO  
HOTEL, LAS VEGAS, NEV.

The CHAIRMAN. Mr. Sedway, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SEDWAY. I do.

The CHAIRMAN. You have been sick. What is the matter with you?

Mr. SEDWAY. I have had three major coronary thromboses, and I have had diarrhea for 6 weeks, and I have an ulcer, hemorrhoids, and an abscess on my upper intestines.

I just got out of bed and I am loaded with drugs.

Mr. HALLEY. I will ask you some questions, Mr. Sedway, and if at any point you feel that you are under too great a physical strain, you just speak up.

Mr. SEDWAY. I will be all right. Thank you.

Mr. HALLEY. How old are you, Mr. Sedway?

Mr. SEDWAY. Fifty-seven.

Mr. HALLEY. What is your address?

Mr. SEDWAY. Flamingo Hotel.

Mr. HALLEY. How long have you lived at the Flamingo Hotel?

Mr. SEDWAY. Since 1947.

Mr. HALLEY. What is your business?

Mr. SEDWAY. I am vice president of the Flamingo Hotel.

Mr. HALLEY. Where were you born?

Mr. SEDWAY. I was born in Poland.

Mr. HALLEY. When did you come to the United States?

Mr. SEDWAY. 1901.

Mr. HALLEY. Are you a citizen?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. When did you become a citizen?

Mr. SEDWAY. I became a citizen on July 16, 1914, by virtue of my father's papers.

Mr. HALLEY. When you came to the United States, where did you go first?

Mr. SEDWAY. New York City.

Mr. HALLEY. How long did you live in New York City?

Mr. SEDWAY. I lived in New York City until 1938.

Mr. HALLEY. Until 1938?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Then from New York City where did you go?

Mr. SEDWAY. I went to California.

Mr. HALLEY. To Los Angeles?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. How long did you live in Los Angeles?

Mr. SEDWAY. I lived in Los Angeles a little over 2 years. In fact, my family is in—lives in Los Angeles now.



Mr. HALLEY. From Los Angeles did you come to Las Vegas?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. And you have lived here ever since?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. That would be since 1940?

Mr. SEDWAY. About 1941, the latter part of 1941.

Mr. HALLEY. If I am going too fast, you just tell me. We want to show proper respect for your health and don't want to hurt you in any way physically.

Mr. SEDWAY. It is all right.

Mr. HALLEY. Were you ever arrested?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. When were you arrested? If you were arrested on more than one occasion——

Mr. SEDWAY. I was never convicted of a felony, if that is what you want to know.

Mr. HALLEY. I want to know, first, about arrests, and then about convictions.

Mr. SEDWAY. I was arrested in 1919.

Mr. HALLEY. On what charge?

Mr. SEDWAY. The charge was unlawful entry.

Senator TOBEY. Is that an immigration case, or breaking and entering?

Mr. SEDWAY. No, sir; it was on a Saturday afternoon and we were running a crap game in the loft up in the twenties. I don't remember what street it was. And it was raided, and I was arrested with one other man, charged with unlawful entry.

Mr. HALLEY. Were you convicted?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Did you go to prison?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. For how long?

Mr. SEDWAY. I went to the reformatory for 3 months to 3 years. I did a little less than a year.

Mr. HALLEY. How old were you at the time, Mr. Sedway?

Mr. SEDWAY. I was 22 years old, I think.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. SEDWAY. Yes.

Mr. HALLEY. When were you next arrested?

Mr. SEDWAY. I was arrested in 1935.

Mr. HALLEY. On what charge?

Mr. SEDWAY. Conspiracy.

Mr. HALLEY. Were you convicted?

Mr. SEDWAY. No, sir.

Mr. HALLEY. What were the facts leading to the arrest, do you know?

Mr. SEDWAY. Well——

Mr. HALLEY. Specifically with what kind of conspiracy?

Mr. SEDWAY. Conspiracy to—it was a bond case.

Mr. HALLEY. Was it a bond case?

Mr. SEDWAY. Bond.

Mr. HALLEY. Bail bond?

Mr. SEDWAY. No, security bonds.

Mr. HALLEY. You were discharged?

Mr. SEDWAY. Yes, I was acquitted by a jury.

Mr. HALLEY. What other arrests have you had? Perhaps I will go through the record with you and we can save a little time.

Mr. SEDWAY. I was arrested in 1940 in San Diego for gambling.

Mr. HALLEY. On what charge?

Mr. SEDWAY. Gambling.

Mr. HALLEY. You were convicted?

Mr. SEDWAY. No, sir.

Mr. HALLEY. In 1942, that is, isn't it?

Mr. SEDWAY. Was it 1942?

Mr. HALLEY. Yes.

Mr. SEDWAY. Around that.

Mr. HALLEY. What happened to that charge?

Mr. SEDWAY. Nothing happened to it at all. I wasn't convicted.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. SEDWAY. It was changed to—what do you call it?

Mr. HALLEY. Disorderly conduct?

Mr. SEDWAY. No; vagrancy.

Mr. HALLEY. You were convicted for vagrancy?

Mr. SEDWAY. No, I wasn't.

Mr. HALLEY. You were arrested for vagrancy in Albany, too, weren't you?

Mr. SEDWAY. Yes.

Mr. HALLEY. Were you ever arrested for assault and robbery?

Mr. SEDWAY. Not that I know of. They may have charged me with it.

Mr. HALLEY. Didn't you stay in jail overnight for assault and robbery in 1928 in New York?

Mr. SEDWAY. But I was arrested in an office on Broadway, and they charged me with assault and robbery of a person and the person was called in and failed to identify, and I was released. That is one of those things. You are Mr. Halley, aren't you? In order to hold you in New York City, they fix—they put a charge on you regardless of what it is, to keep you overnight, to bring you into court.

Mr. HALLEY. As early as 1917 you were charged with grand larceny, isn't that right, and then discharged?

Mr. SEDWAY. Yes.

Mr. HALLEY. In 1920 you were charged with burglary and discharged, is that right?

Mr. SEDWAY. I was discharged—no, I wasn't discharged. That was the unlawful entry.

Mr. HALLEY. Was that changed?

Mr. SEDWAY. Yes.

Mr. HALLEY. Reduced to unlawful entry?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Then in 1935 you were arrested for vagrancy, is that right?

Mr. SEDWAY. No, conspiracy.

Mr. HALLEY. And discharged?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Was your name originally Sedwits? S-e-d-w-i-t-s?

Mr. SEDWAY. Yes.

Mr. HALLEY. Is Sedway now your legal name?

Mr. SEDWAY. What do you mean "legal"? I have used it for—since 1924.

Mr. HALLEY. Is it the only name you use?

Mr. SEDWAY. Yes.

Mr. HALLEY. Then it is your legal name?

Mr. SEDWAY. Yes. I use it and my children use it in school.

Mr. HALLEY. What was your business in New York? You came to New York in 1901, is that right?

Mr. SEDWAY. Yes.

Mr. HALLEY. At that time how old were you?

Mr. SEDWAY. Seven years.

Mr. HALLEY. Did you go to school in New York?

Mr. SEDWAY. Yes.

Mr. HALLEY. Did you go through a public school?

Mr. SEDWAY. Yes.

Mr. HALLEY. Did you go through high school?

Mr. SEDWAY. No. I went to high school. I didn't finish.

Mr. HALLEY. Then what business did you go into?

Mr. SEDWAY. Well, I worked around New York in the garment industry.

Mr. HALLEY. What other businesses were you in during the time that you were in New York? That would be from 1901 to 1938, is that right?

Mr. SEDWAY. Yes.

Mr. HALLEY. Until you were 45 years old?

Mr. SEDWAY. I used to frequent race tracks, bet on horses.

Mr. HALLEY. When did you last have a regular job?

Mr. SEDWAY. I don't remember; a long time.

Mr. HALLEY. You gave up working and you became a gambler, is that right?

Mr. SEDWAY. That is right.

Mr. HALLEY. And you also got into various—well, at least one other scrape for which you went to jail, is that right?

Mr. SEDWAY. Yes.

Mr. HALLEY. After you got out of jail, did you go to work on a regular job?

Mr. SEDWAY. Yes, I went in the trucking business.

Mr. HALLEY. You were on a payroll, I suppose, for a while?

Mr. SEDWAY. Yes. I went—I bought a truck and I was in the trucking business with my brother-in-law, and we were delivering merchandise from the various garment houses.

Mr. HALLEY. How long were you in that business?

Mr. SEDWAY. Maybe 2, 3 years.

Mr. HALLEY. After that did you have any other business, or did you go in for gambling?

Mr. SEDWAY. Well, I was in a business in 1934. I had a restaurant.

Mr. HALLEY. What restaurant did you have?

Mr. SEDWAY. Fu Manchú, in New York, Chinese restaurant.

Mr. HALLEY. How long did you have that restaurant?

Mr. SEDWAY. About a year.

Mr. HALLEY. Have you had any other businesses?

Mr. SEDWAY. No.

Mr. HALLEY. What did you do when you went to Los Angeles in 1938? What business were you in there?

Mr. SEDWAY. Bookmaker.

Mr. HALLEY. Were you associated there with Bugsy Siegel?

Mr. SEDWAY. No, sir.

Mr. HALLEY. With whom were you associated in the bookmaking business?

Mr. SEDWAY. Myself. I used to go to the race track and take commissions and bet for people and book.

Mr. HALLEY. How long have you known Bugsy Siegel?

Mr. SEDWAY. Twenty-five years.

Mr. HALLEY. You knew him in New York?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known Meyer Lansky?

Mr. SEDWAY. About the same.

Mr. HALLEY. Jack Lansky?

Mr. SEDWAY. The same.

Mr. HALLEY. Little Augie Casanno, do you know him?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. The same, 20 years, maybe a little less, about 20.

Mr. HALLEY. Do you know Frank Costello?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. Twenty-five years.

Mr. HALLEY. When have you last seen Frank Costello?

Mr. SEDWAY. I have seen him about 6 weeks ago.

Mr. HALLEY. Where?

Mr. SEDWAY. In New York.

Mr. HALLEY. Where in New York?

Mr. SEDWAY. I happened to run into him accidentally in the Plaza Cocktail Bar.

Mr. HALLEY. Did you talk to him?

Mr. SEDWAY. I was sitting with some people. He came over and said "hello," and that was the extent of our conversation. He says, "How do you feel?" I says, "How are you, Frank?" And that was it.

Mr. HALLEY. When did you last see Joe Adonis?

Mr. SEDWAY. Joe Adonis I saw a year ago, at the world series.

Mr. HALLEY. Did you know Nate Rutkin?

Mr. SEDWAY. Yes, I did.

Mr. HALLEY. When did you last see him?

Mr. SEDWAY. The last time I saw Nate Rutkin was—I was on my way to see my sister this last trip, about 6, 7 weeks ago, during the world series, and I was in the Pennsylvania Station, and I saw him but he didn't see me. And I didn't stop to see him.

Mr. HALLEY. When did you last talk to him?

Mr. SEDWAY. The last time I talked to him was the previous year, and I met him in Gallagher's Restaurant.

Mr. HALLEY. That is where the most of the fellows eat, isn't that right?

Mr. SEDWAY. Gallagher's, Moore's.

Mr. HALLEY. Do you know Frank Erickson?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. About 20 years.



Mr. HALLEY. Have you ever had any business relationship with any of them? Bookmaking or any other business?

Mr. SEDWAY. No.

Mr. HALLEY. Have you ever had any kind of financial transaction with any of them?

Mr. SEDWAY. No.

Mr. HALLEY. Do you know "Longie" Zwillman?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. About 20 years.

Mr. HALLEY. Have you ever had any business with him?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Did you ever place a bet with him?

Mr. SEDWAY. No.

Mr. HALLEY. Did he ever place one with you?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Do you know James Rutkin?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. The same time.

Mr. HALLEY. Harry Stromberg?

Mr. SEDWAY. That is the same.

Mr. HALLEY. You have known him for about 25 years?

Mr. SEDWAY. Yes.

Mr. HALLEY. Have you ever done business with him?

Mr. SEDWAY. I have known all these fellows. They were all on the East Side. We were all brought up together.

Mr. HALLEY. You all went into various gambling businesses, isn't that right?

Mr. SEDWAY. Yes.

Mr. HALLEY. Were you ever in the liquor business during prohibition?

Mr. SEDWAY. No; very small way—nothing.

Mr. HALLEY. Did you know Charlie "Lucky" Luciano?

Mr. SEDWAY. Yes, sir; I did.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. I have known him as long as I have known the others. I think I knew him longer than the others.

Mr. HALLEY. Have you ever had an interest in any gambling establishments in Florida?

Mr. SEDWAY. Yes.

Mr. HALLEY. Which?

Mr. SEDWAY. In the Hollywood Yacht Club.

Mr. HALLEY. Who were your partners there?

Mr. SEDWAY. Julian Kaufman and some local people. I don't know their names.

Mr. HALLEY. Do you know Herman Greenspun?

Mr. SEDWAY. No.

Mr. HALLEY. Herman Greenspun?

Mr. SEDWAY. You don't mean this fellow that has the newspaper, do you?

Mr. HALLEY. Yes.

Mr. SEDWAY. Hank Greenspun?

Mr. HALLEY. Yes.

Mr. SEDWAY. Yes; I know him.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. Since he has been here.

Mr. HALLEY. Does he own any part of the Desert Inn?

Mr. SEDWAY. I wouldn't know, sir.

Mr. HALLEY. Have you ever seen him there?

Mr. SEDWAY. In the Desert Inn? I may have. I am not sure. I may have.

Mr. HALLEY. Where does he come from?

Mr. SEDWAY. I don't know.

Mr. HALLEY. New York?

Mr. SEDWAY. I really don't know.

Mr. HALLEY. When you went to Los Angeles did you have interest in any gambling establishments?

Mr. SEDWAY. No.

Mr. SEDWAY. None whatsoever.

Mr. HALLEY. None whatsoever?

Mr. HALLEY. Did you know Charles Fischetti?

Mr. SEDWAY. Yes.

Mr. HALLEY. Rocco Fischetti?

Mr. SEDWAY. Yes.

Mr. HALLEY. How long have you known them?

Mr. SEDWAY. I know Charlie longer than I know Rocky. I would say 15, 16 years. I can't place the exact time.

Mr. HALLEY. Do you know Jack Dragna?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. SEDWAY. I have known him since I have been in Los Angeles.

Mr. HALLEY. Have you ever had any business relationship with him, or dealings?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Mike Accone?

Mr. SEDWAY. I know him.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. SEDWAY. No, sir; haven't talked to him in 10 years.

Mr. HALLEY. Did you ever have a bet with him one way or the other?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Gene Normile?

Mr. SEDWAY. I know Gene.

Mr. HALLEY. Any business relationships?

Mr. SEDWAY. No, sir, just friendly.

Mr. HALLEY. Jake Guzik?

Mr. SEDWAY. I know him.

Mr. HALLEY. How long?

Mr. SEDWAY. Not very long.

Mr. HALLEY. Any business relationship?

Mr. SEDWAY. About 10 years; no.

Mr. HALLEY. Tony Corica?

Mr. SEDWAY. Yes, sir. I met him here.

Mr. HALLEY. Who introduced you?

Mr. SEDWAY. I don't remember. I think he stayed at the hotel. It is the first time I met him.

Mr. HALLEY. How long have you known Kleinman?

Mr. SEDWAY. Kleinman, about 20 years.

Mr. HALLEY. Where did you first meet him?

Mr. SEDWAY. New York.

Mr. HALLEY. Have you ever had a business relationship with him?

Mr. SEDWAY. No, sir.

Mr. HALLEY. How long have you know Dalitz?

Mr. SEDWAY. The same time.

Mr. HALLEY. Do you know the King boys?

Mr. SEDWAY. No, sir.

Mr. HALLEY. From Detroit?

Mr. SEDWAY. No.

Mr. HALLEY. Do you know Massei?

Mr. SEDWAY. No, I don't.

Mr. HALLEY. Do you know who I mean?

Mr. SEDWAY. Yes, Joe Massei. I have never met him.

Mr. HALLEY. Never met him?

Mr. SEDWAY. No.

Mr. HALLEY. Now, when you came to Las Vegas, what was your business activity? What was your business activity in Las Vegas when you came here in 1940 or 1941?

Mr. SEDWAY. I came here and I had a part interest in the Northern Club book. I came here at the request of Ben Siegel. He had bought in with Dave Stearns in the Northern Club and he asked me to come down here, and he gave me a piece of the book to look out for his interests.

Mr. HALLEY. He had been in Los Angeles in the meantime, is that right?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Were you in any business with him in Los Angeles?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Were you all by yourself? No partner?

Mr. SEDWAY. Well, I don't know, mostly by myself; sometimes you take a bet with somebody. Would you call it a partner?

Mr. HALLEY. Did you lay off your bets with somebody?

Mr. SEDWAY. If they were high, I would.

Mr. HALLEY. With whom would you lay off?

Mr. SEDWAY. Various bookmakers. I don't remember who, exactly.

Mr. HALLEY. Name one.

Mr. SEDWAY. Irving Moss, but he has been out of business a long time.

Mr. HALLEY. Did you do any business with Bugsy Siegel at that time?

Mr. SEDWAY. I was around with him. He did a lot of betting, but I didn't do any business with him.

Mr. HALLEY. Did he have the race wire at that time?

Mr. SEDWAY. Where is that?

Mr. HALLEY. In Los Angeles.

Mr. SEDWAY. I don't know.

Mr. HALLEY. You don't know?

Mr. SEDWAY. No.

Mr. HALLEY. Then you came here at his request to look after his interest in the book, is that right?

Mr. SEDWAY. That is right.

Mr. HALLEY. What was your next business here in Las Vegas?

Mr. SEDWAY. My next business here in Las Vegas was—there is a fellow by the name of Tony Corica. Was it Tony?

Mr. ROBINSON. That is right.

Mr. SEDWAY. He was the representative for Continental. Do you know who I mean by Continental?

Mr. HALLEY. The wire service?

Mr. SEDWAY. That is right. His office was in Phoenix. He serviced Las Vegas. I made a deal with him for a stipulated amount, which I think was \$900 a week for him to sell me the exclusive rights to serve Las Vegas.

Mr. HALLEY. Was Siegel in that deal with you?

Mr. SEDWAY. Eventually, yes.

Mr. HALLEY. At the inception?

Mr. SEDWAY. No, it was mine. He was in the book with me. If you will let me go ahead with my story—

Mr. HALLEY. What I am trying to find out is, was that your own deal?

Mr. SEDWAY. That was my own deal.

Mr. HALLEY. How long had you known Corica?

Mr. SEDWAY. Since he was coming up here. He came up here. He used to come up here every week.

Mr. HALLEY. To collect from you?

Mr. SEDWAY. No, from Stearns and those fellows.

Mr. HALLEY. Was that about the time when Annenberg went out of the wire service and Ragen took over?

Mr. SEDWAY. No, I think Annenberg went out of the wire service long before that.

Mr. HALLEY. He went out before 1938, didn't he?

The CHAIRMAN. '39.

Mr. SEDWAY. Well, Annenberg didn't have the wire service—

Mr. HALLEY. He was out of it a couple of years?

Mr. SEDWAY. Because Ragen had it and Kelley.

The CHAIRMAN. What was Corica's name in Phoenix?

Mr. SEDWAY. W-a-s-h-o-e Publishing Co.

Mr. HALLEY. Go ahead.

Mr. SEDWAY. There were only two in town. There was the Northern Club, which was owned by Dave Stearns, and there was the Las Vegas Club, which was owned by J. K. Houssels. There were two books in town.

Mr. HALLEY. And you had the book in the Las Vegas Club?

Mr. SEDWAY. I had an interest in the book in the Las Vegas Club with Siegel.

Mr. HALLEY. What was the Las Vegas Club paying?

Mr. SEDWAY. Not in the Las Vegas Club, in the Northern Club.

Mr. HALLEY. In the Northern Club?

Mr. SEDWAY. Yes.

Mr. HALLEY. What were you paying for wire service before you took it over?

Mr. SEDWAY. I don't know what they were paying, but they weren't paying—I wouldn't know that. They probably paid \$300 apiece.



Mr. HALLEY. \$300 apiece. Then you became the exclusive wire service distributor for Las Vegas?

Mr. SEDWAY. Yes.

Mr. HALLEY. What other territory did you have?

Mr. SEDWAY. That is all.

Mr. HALLEY. Boulder City, or anything?

Mr. SEDWAY. There is no gambling in Boulder City.

Mr. HALLEY. You paid \$900 a week?

Mr. SEDWAY. A week.

Mr. HALLEY. What arrangements did you make to sell that wire service to the others?

Mr. SEDWAY. The only arrangements I made when I got it, the people that owned the Frontier Club asked me if I would put a book in there, being I had the wire, if I would put a book in there. And their business in Las Vegas then was very bad. And they wanted it to bolster their business, and they told me if I put a book in there I can go in there rent free. So I told Siegel about it because he had brought me in this other place, and I told him, "Here we have an opportunity of going in there and have it 100 percent."

I said, "This \$900 we are paying, we will split it three ways. Each club will pay \$300, including expenses—or besides the expenses." I don't know the exact amount. "And we will have our own book."

And he said, "All right."

I notified Mr. Stearns and Mr. Houssels that I was going to open up there, and here is what I am paying for the service and whatever the expenses are we will split it three ways, and that we did.

Mr. HALLEY. Then, there were three books in Las Vegas?

Mr. SEDWAY. That is right.

Mr. HALLEY. The Las Vegas Club, the Frontier Club—

Mr. SEDWAY. And the Northern Club.

Mr. HALLEY. And you had an interest in the Northern Club book, you and Siegel?

Mr. SEDWAY. That is right.

Mr. HALLEY. And you owned—

Mr. SEDWAY. No, no.

Mr. HALLEY. Completely the book in the Northern Club?

Mr. SEDWAY. No; I had no interest in the Northern Club any more.

Mr. HALLEY. You gave that up?

Mr. SEDWAY. Yes.

Mr. HALLEY. Who had the Northern Club from then on?

Mr. SEDWAY. Stearns.

Mr. HALLEY. The Stearns brothers?

Mr. SEDWAY. Yes.

Mr. HALLEY. Did they pay you anything for your interest?

Mr. SEDWAY. No; I didn't have an interest in the club. Siegel was an associate with them. Siegel had bought into the whole club, including the gambling and the book, and I just took care of his interest in the book, and all I had was an interest in the book.

Mr. HALLEY. Did you get any money for your interest in the book when you left?

Mr. SEDWAY. No.

Mr. HALLEY. Wasn't that worth something, that interest in the book?

Mr. SEDWAY. It was worth more to me to go into this other club and have a bigger interest there and have my own book.

Mr. HALLEY. In other words, it was part of an all-over deal; is that right?

Mr. SEDWAY. Yes.

Mr. HALLEY. What was your next business interest in Las Vegas?

Mr. SEDWAY. The next—

Mr. HALLEY. By the way, what year was it that you got the wire service?

Mr. SEDWAY. 1942, I think.

Mr. HALLEY. Under what name did you operate the wire service?

Mr. SEDWAY. Will you refresh my memory? you have it there. I don't remember it. Honestly, I don't.

I am not quite sure what year, but I did give it a firm name. I don't remember what it was.

Mr. HALLEY. It wasn't the Nevada Publishing Co., was it?

Mr. SEDWAY. No; I was—but we had—we called it—we gave it some combination, Nevada and something else.

Mr. HALLEY. When did Siegel first get an interest in the wire service?

Mr. SEDWAY. What wire service? He had no interest in the wire service.

Mr. HALLEY. At no time?

Mr. SEDWAY. No, sir. The wire service never made any money.

Mr. HALLEY. His only interest was in the books; is that right?

Mr. SEDWAY. That is right. Siegel came down very, very seldom to Las Vegas at that time. I ran the book. He had the major part. He put up all the money and I ran the book.

Mr. HALLEY. What was your next business interest in Las Vegas?

Mr. SEDWAY. My next business interest was in the Las Vegas Club.

Mr. HALLEY. Will you describe that?

Mr. SEDWAY. Yes; Mr. Houssels owned that club and he wasn't doing well with it. He wasn't entirely active himself, and I think he kept on losing bank roll after bank roll, and I think he got a little tired of it. I talked with him—we were very friendly. We still are to this day. And I told him at that time that I thought I could get some people that—to bank roll it, put up the whole bank roll, and give him 50 percent.

He says, "If you do, I will give you 10 percent."

In other words, it would be 60.

I called Mr. Greenbaum—you are familiar with him, aren't you?—in Phoenix and told him about the deal, and we went in there and operated the club.

Mr. HALLEY. What year was that?

Mr. SEDWAY. 1943 or 1944. I don't know the year.

Mr. HALLEY. In the meantime, what had happened to Corica in Phoenix? Was he with Greenbaum or was he alone?

Mr. SEDWAY. Corica still had this service, and I was doing business with him. Of course, I ran into a lot of trouble with Ragen and Kelly, through Mr. Stearns, and they tried to break the contract because they thought that Corica didn't have any right to give me a contract. However, they—

Mr. HALLEY. What did they do to try to break the contract?

Mr. SEDWAY. They gave an independent wire to Stearns.

Mr. HALLEY. Where did he get his wire service, from where did the wire come?

Mr. SEDWAY. Ragen. They were the service.

Mr. HALLEY. Did it come direct from Chicago?

Mr. SEDWAY. They just give him a direct wire, and by virtue of my contract I sued the Continental, and the Western Union, and the supreme court ruled in my favor.

Mr. HALLEY. The Supreme Court of Nevada?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. What year was that?

Mr. SEDWAY. I don't know what year. The records will show.

Mr. HALLEY. Was it before Siegel's death?

Mr. SEDWAY. Oh, yes.

Mr. HALLEY. Some time before that?

Mr. SEDWAY. Quite some time.

Mr. HALLEY. What had led to your break with Stearns? You were on friendly terms with him originally, weren't you, the Stearns boys?

Mr. SEDWAY. Well, on the service he thought he was—he was very nice about me going to the Frontier Club, but he tried to put all obstacles in my way not to be in business.

Mr. HALLEY. When did you start depriving him of wire service?

Mr. SEDWAY. I didn't deprive him of wire service. He went out and got—he got Ragen and Kelly, and they wound up giving him service direct.

Mr. HALLEY. And he discontinued using your service?

Mr. SEDWAY. He discontinued using my service, and then when the court ruled against him, I gave him service again.

Mr. HALLEY. You did give him service again?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. Eventually, a time came when you did not give service to Stearns, is that right?

Mr. SEDWAY. I don't remember when I didn't give him any service.

The CHAIRMAN. At the time they had to steal the service.

Mr. SEDWAY. That was after my contract ran out, sir.

Mr. HALLEY. At that time who had the wire?

Mr. SEDWAY. Connie Hurley.

Mr. HALLEY. Connie Hurley had the wire?

Mr. SEDWAY. Yes, sir.

Mr. HALLEY. But you and Morris Rosen were associated with Hurley very closely, weren't you?

Mr. SEDWAY. Not with the wire.

Mr. HALLEY. Perhaps we had better go along in order and get it straight.

You were up to the point where you had gotten into, I think, the Las Vegas Club.

Mr. SEDWAY. Yes.

Mr. HALLEY. What happened next?

Mr. SEDWAY. Not the book, the whole club.

Mr. HALLEY. You got the whole club?

Mr. SEDWAY. Yes; gambling and everything.

Mr. HALLEY. And you put a book in there?

Mr. SEDWAY. The book was in there.

Mr. HALLEY. Were you giving it wire service at that time?

Mr. SEDWAY. Yes. The book and everything—we got 50 percent plus the 10 percent that I got, of the whole club, and put up the bank roll, and just went ahead and operated it successfully.

Mr. HALLEY. At that time how many clubs had books?

Mr. SEDWAY. Just three.

Mr. HALLEY. What were they, the Frontier—

Mr. SEDWAY. The Frontier, Las Vegas Club, and the Northern Club.

Mr. HALLEY. You had an interest in the Frontier and the Las Vegas; is that right?

Mr. SEDWAY. I had an interest in the Frontier book. The Frontier was also a gambling club, and I had an interest in the Las Vegas Club gambling house.

Mr. HALLEY. Mr. Siegel had an interest in the Northern Club?

Mr. SEDWAY. No, sir.

Mr. HALLEY. None whatsoever?

Mr. SEDWAY. He severed his interests in the Northern Club at the time when we went into the Frontier Club.

Mr. HALLEY. So the Northern Club was the one which you gave wire service to, but in which you had no interest whatsoever; is that right?

Mr. SEDWAY. That is right.

Mr. HALLEY. What club next got wire service in this city?

Mr. SEDWAY. After the Frontier Club, I don't remember. I don't think—we went along that way, I think, for some time without another club getting wire service.

Mr. HALLEY. Did others want the wire service?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Nobody wanted it?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Did anybody ask you for it?

Mr. SEDWAY. Yes; the next club that got wire service—Stearns was dispossessed out of the Northern Club.. He went in with a group into the Rex Club, on Second and Fremont. It is now the El Dorado. They got wire service. Then the people that bought the Northern Club, they retained the wire that Stearns—they said they should retain it. So it made it four books then.

Mr. HALLEY. Then you had four books?

Mr. SEDWAY. Yes.

Mr. HALLEY. What year was that, to your best recollection?

Mr. SEDWAY. 1944, 1945, somewhere along there.

Mr. HALLEY. At that time what were you paying for the wire service, still \$900 a week?

Mr. SEDWAY. Maybe more; it was flexible. I think between \$900 and \$1,200. We were supposed to pay that.

Mr. HALLEY. What do you mean, \$900 and \$1,200?

Mr. SEDWAY. The minimum was \$900 and its conditions—if more wires were out, we were supposed to pay more money. The maximum, I think, was \$1,200. I don't remember.

Mr. HALLEY. What were you getting paid for the service by these various clubs?

Mr. SEDWAY. We split it up equally.

Mr. HALLEY. I understand that you split it equally between the four books?



Mr. SEDWAY. Yes.

Mr. HALLEY. You did not attempt to make a profit on the wire service?

Mr. SEDWAY. No, sir; we didn't make any profit. We had operators and expenses, and so forth, and it all balanced out.

Mr. HALLEY. What club next got wire service?

Mr. SEDWAY. After the El Dorado?

Mr. HALLEY. Yes.

Mr. SEDWAY. You mean the Rex?

Mr. HALLEY. Yes.

Mr. SEDWAY. After the Rex, Mr. Stearns got run out of there.

Mr. HALLEY. What do you mean by "run out"?

Mr. SEDWAY. He got into a litigation, and they threw him out, and new people took that over and retained that book, and he, in turn, made a deal with Marion Hicks at the Savoy Club, and he asked for a book there, and he got it.

Mr. HALLEY. So then you had five books?

Mr. SEDWAY. Five books.

Mr. HALLEY. How many books did you have when you finally gave up the wire service?

Mr. SEDWAY. When I finally gave up the wire service we had—when I gave up the wire service in 1947 we had six.

Mr. HALLEY. Which was the new one?

Mr. SEDWAY. The Golden Nugget. No, I think there was one other one, out in North Las Vegas. It was a very small book.

Mr. HALLEY. The Golden Nugget book was owned partly by you and Siegel?

Mr. SEDWAY. Yes.

Mr. HALLEY. How did the book happen to go into the Golden Nugget? Will you explain that?

Mr. SEDWAY. I was in the Northern Club since 1942, and I was in there, and the Northern Club was owned by Mr. McAfee and his associates, but I did most of my business with Mr. McAfee. We were in there for 4 years, over 4 years, when Mr. McAfee decided to build the Golden Nugget.

Mr. McAfee told me that when he did that we would have a book on it. At one time they decided—they were talking about closing the Frontier entirely and making an arcade out of it.

However, it was kept open for a while as a gambling house, and then it was made an arcade, and we kept the book in there, which was worthless, but we got the book in the Golden Nugget.

Mr. HALLEY. Who had the book, you and Siegel and who else?

Mr. SEDWAY. I, Siegel, and Soloway and Houssels.

Mr. HALLEY. What were your respective interests in that book?

Mr. SEDWAY. Houssels had 10 percent. I had 25 percent. Soloway had 15 percent, and Siegel had the balance.

Mr. HALLEY. How much would that give Siegel?

Mr. SEDWAY. Fifty.

Mr. HALLEY. What was the basis for his having 50 as against all of the rest of you having 50 together?

Mr. SEDWAY. Because he had the major part of the Frontier Club. He had 66⅔ percent of the Frontier and I had a third. He put up the original bank roll, and that is the way it was.

Mr. HALLEY. At that time did you and Siegel have interests in any of the other books in this city?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Just the Golden Nugget and the Frontier Club?

Mr. SEDWAY. That is right.

Mr. HALLEY. At that time did Siegel have the wire service in Los Angeles?

Mr. SEDWAY. I don't think so. I don't know for sure, but I don't think so. He may have. Outside of Las Vegas I don't know any of Siegel's business. He had business all over the country, I think, but I didn't know of it.

Mr. HALLEY. You mean business all over the country?

Mr. SEDWAY. I think, but you never questioned Siegel about his business.

Mr. HALLEY. What kind of business did he have all over the country?

Mr. SEDWAY. I don't know what kind of business. I said he may have had business all over the country.

Mr. HALLEY. You know he had it.

Mr. SEDWAY. We all know, but Siegel wasn't the talkative type. If I wasn't interested in a business, he didn't discuss that business with me.

Mr. HALLEY. He had bookmaking business all over the country, didn't he? Don't you know that? You don't it, do you?

Mr. SEDWAY. I don't know that he had bookmaking. Yes, I doubt it.

Mr. HALLEY. He certainly had it in Los Angeles, didn't he?

Mr. SEDWAY. In Los Angeles? No, sir; I don't think he had bookmaking in Los Angeles.

Mr. HALLEY. Do you know of any gambling joints he had a piece of?

Mr. SEDWAY. I heard that he had a piece of a gambling joint.

Mr. HALLEY. Where?

Mr. SEDWAY. I think he had a piece of the race track in Tiajuana.

Mr. HALLEY. Anything else?

Mr. SEDWAY. And I heard that he had a piece of the Clover Club, but I couldn't verify it, couldn't swear that it was so.

Mr. HALLEY. Anything else?

Mr. SEDWAY. No, not that I know of.

Mr. HALLEY. How did you happen to give up the wire?

Mr. SEDWAY. My contract ran out.

Mr. HALLEY. When did your contract run out?

Mr. SEDWAY. The early part of 1947.

Mr. HALLEY. What kind of a contract had you had?

Mr. SEDWAY. Written contract.

Mr. HALLEY. For how many years?

Mr. SEDWAY. Five years.

Mr. HALLEY. With no renewal clause?

Mr. SEDWAY. No; even during the 5 years I had trouble holding on to it. They tried to—during the black-out—

Mr. HALLEY. You mean when they closed out the track?

Mr. SEDWAY. Closed out the race tracks in the country. Mr. Reagan and Mr. Kelly insisted that we pay the revenue until racing is resumed.

Mr. HALLEY. Did you do that?

Mr. SEDWAY. We agreed on a deal and we did pay it, and when racing was resumed he sent his own man in and I had to work through his man in spite of the fact that I had a contract. They closed the original place because there was no racing, and then when it was reopened he opened his own place and sent his own man down there.

Mr. HALLEY. What do you mean, "he opened his own place."

Mr. SEDWAY. He had his own operator and his own—his own room where the service comes into and that it goes out to.

Mr. HALLEY. Do you mean he brought it into Las Vegas and then sold it to you?

Mr. SEDWAY. No; the Western Union wire came in to me, and we, in turn, opened an office and put all these instruments in and sent it out by loud-speakers to the various clubs.

Mr. HALLEY. But this is at a time when you were beginning to get it from another source than Continental, weren't you?

Mr. SEDWAY. No, no.

Mr. HALLEY. You were no longer getting the Continental service, were you, from Ragen?

Mr. SEDWAY. Yes, I was getting it.

Mr. HALLEY. Weren't you getting the Trans-America service then?

Mr. SEDWAY. No, I wasn't getting Trans-America service. I didn't have anything to do with Trans-America service.

Mr. HALLEY. Didn't you ever get the Trans-America service?

Mr. SEDWAY. Did I get it? I must have got it when Ragen didn't have his service in here. He had his service in here, but nobody bought his service when Trans-America came in.

Mr. HALLEY. Who was handling the Trans-America service?

Mr. SEDWAY. Hurley.

Mr. HALLEY. Who was handling it in Phoenix?

Mr. SEDWAY. I don't know.

Mr. HALLEY. You were buying it from Phoenix, weren't you?

Mr. SEDWAY. I was buying it from Hurley.

Mr. HALLEY. From Hurley. And where was he?

Mr. SEDWAY. He is here.

Mr. HALLEY. That is after he took over your contract?

Mr. SEDWAY. He didn't take over my contract. He made a new contract.

The CHAIRMAN. Your contract with Continental expired and you went with Trans-America?

Mr. SEDWAY. I didn't go with anybody.

Mr. HALLEY. From whom did you purchase service under your contract?

Mr. SEDWAY. From Washeo Publishing Co.

Mr. HALLEY. At Phoenix?

Mr. SEDWAY. Yes.

Mr. HALLEY. Did the Washeo Publishing Co. become a Trans-America outlet? This is in 1946, before your contract expired.

Mr. SEDWAY. I don't know. Not before my contract expired.

Mr. HALLEY. Before your contract expired—

Mr. SEDWAY. Trans-America—I think it was after my contract expired, wasn't it?

Mr. HALLEY. No.

Mr. SEDWAY. My contract—when my contract expired, even before it expired, I had no more control over it.

Mr. HALLEY. Why not?

Mr. SEDWAY. Because, like I was—like I started to tell you, because after that black-out Mr. Ragen opened his own office. I had no more control over the operators or anything. They ordered their own man to manage it and their own operators.

Mr. HALLEY. Did they have any customers?

Mr. SEDWAY. They had all the customers. As a token, they worked through me.

Mr. HALLEY. You mean you were buying it from Ragen direct?

Mr. SEDWAY. I was buying from the local man—from this Elmer.

Mr. HALLEY. Elmer?

Mr. SEDWAY. And then, when my contract ran out, I was out entirely.

Mr. HALLEY. Who made the contract with Hurley?

Mr. SEDWAY. Somebody in Continental. I don't know who. I think Lynch, Bill Lynch.

Mr. HALLEY. Made a contract direct with him?

Mr. SEDWAY. I think so.

Mr. HALLEY. Were you present at the hearings held in 1948 here in Las Vegas about the wire service?

Mr. SEDWAY. Yes; I was.

Mr. HALLEY. Did you hear considerable testimony about the fact that you and Siegel seemed to be the people with whom people had to deal to get wire service?

Mr. SEDWAY. Yes.

Mr. HALLEY. Would you care to comment about that, Mr. Sedway? What was the situation at the time of these hearings?

Mr. SEDWAY. What was the situation at the time of those hearings?

Mr. HALLEY. First, who had the wire service at that time?

Mr. SEDWAY. Hurley had a wire service.

Mr. HALLEY. Hurley had it. What was the relationship between one Moe Sedway—

Mr. SEDWAY. At that time Siegel was dead.

Mr. HALLEY. And you had a Morris Rosen in there—

Mr. SEDWAY. That is right.

Mr. HALLEY. Who is still your partner in the Flamingo?

Mr. SEDWAY. The situation was this: We had the book at the Golden Nugget. While Siegel was alive, I think we paid \$1,750 a month rent. Then after that, it was raised to \$2,500, I think. That made it \$30,000 a year. Then they called a meeting up at the Golden Nugget and they said they wanted \$60,000 a year. We told them we had just given them a raise, but they said, "Well, either take it or leave it." And in the meantime one of their partners went back to Chicago to talk to Kelly to try to get the wire for themselves, so that they could—we wouldn't have a wire, so we wouldn't be in the Golden Nugget.

However, they didn't think we would pay it, and we finally agreed upon a price of \$50,000 a year.

Mr. HALLEY. This was after Siegel died?

Mr. SEDWAY. We agree on \$50,000 a year. We went along this way for several months and then this inquiry was caused to be made.

Mr. HALLEY. Why do you think they were trying to put you out of business after Siegel died?



Mr. SEDWAY. I will tell you.

Mr. HALLEY. Was Siegel the boy they were afraid of?

Mr. SEDWAY. I think so.

Mr. HALLEY. Could you give us some details on that, that Siegel was the boy they were afraid of?

Mr. SEDWAY. I will tell you what happened. There was only one way they could get us out of the Golden Nugget or the Frontier Club, because Mr. McAfee—although we didn't have a lease, but we had a man's word, which goes a long way in our business.

Mr. HALLEY. You had the wire, though?

Mr. SEDWAY. And Mr. McAfee said that, as long as he had anything to do with the Golden Nugget, we will have a book. That was after we made the deal for the \$50,000.

Mr. HALLEY. No; I am talking about before you made it, while you still had Bugsy Siegel with you.

Mr. SEDWAY. We had no difficulty when he was alive.

Mr. HALLEY. You had no difficulty at all?

Mr. SEDWAY. No, sir.

Senator WILEY. Why were they afraid of Siegel?

Mr. SEDWAY. I don't know.

Senator WILEY. Who was afraid of Siegel?

Mr. SEDWAY. They wasn't afraid. They just got along. Whenever he made a deal and he kept his word and they went along with him.

Mr. HALLEY. Siegel represented a certain amount of muscle from Los Angeles, didn't he?

Senator TOBEY. He was a rat, wasn't he?

Mr. SEDWAY. A rap?

Senator TOBEY. R-a-t.

Mr. SEDWAY. Maybe—I don't know.

Senator TOBEY. He got what was coming to him, didn't he? Good thing, wasn't it?

Mr. SEDWAY. I wouldn't comment on it.

Senator TOBEY. I won't make you.

Senator WILEY. You said someone was afraid of Siegel.

The CHAIRMAN. Would you say that, while Siegel lived, you didn't have any trouble, but after Siegel got killed then they started to try to edge you out of the Golden Nugget, and the reason you didn't have any trouble before that was that they were afraid of Siegel?

Mr. SEDWAY. I would presume that, being that we never had any difficulty before that, and certainly they don't have to worry about me. I am not going to do anything—which we have been out there, and I walked away from it, and that was the end.

The CHAIRMAN. They were afraid of Siegel, so they didn't bother him, but they weren't so afraid of you; is that the thing?

Mr. SEDWAY. I don't—

The CHAIRMAN. Let's get on.

Mr. HALLEY. Go ahead.

Mr. SEDWAY. Anyway, in order to get us out, there was one way to get us out, and that is to cause an inquiry to be held and through that inquiry to revoke our license. So they conspired—

Mr. RUYMANN. Whom do you mean by "they"?

Mr. SEDWAY. People here in town conspired, and the district attorney wrote a letter to the Governor. First they tried to get the mayor to write the letter but I don't think the mayor wanted to write it.

The district attorney wrote a letter that the situation in Las Vegas was unhealthy on account of the race-horse books, the race-horse wire.

Mr. HALLEY. How long have you known Connie Hurley?

Mr. SEDWAY. I have known him since I was in Los Angeles, maybe the latter part of—yes, while I was in Los Angeles. I didn't know him before that.

Mr. HALLEY. Did you meet him through Siegel?

Mr. SEDWAY. I think so; yes.

Mr. HALLEY. He was one of Siegel's people; is that right?

Mr. SEDWAY. He was friendly with him; yes, very.

Mr. HALLEY. He was one of Siegel's gang, wasn't he?

Mr. SEDWAY. I don't know.

Mr. HALLEY. They did business together?

Mr. SEDWAY. Connie is not a gangster.

Mr. HALLEY. What is Connie?

Mr. SEDWAY. He has been a bookmaker all his life.

Mr. HALLEY. And Siegel's business was bookmaking wasn't it? That was one of his businesses?

Mr. SEDWAY. Siegel's business was everything. I can't comment on what Siegel's business was.

Mr. ROBINSON. At the time the conflict was going on with respect to the Golden Nugget and your rent was increased to \$60,000—

Mr. SEDWAY. To \$50,000.

Mr. ROBINSON. Well, it was upped to 60 and down to 50 thousand dollars?

Mr. SEDWAY. Yes.

Mr. ROBINSON. At that time wasn't Dave Stearns trying to get service for the Santa Anita Bar?

Mr. SEDWAY. Yes.

Mr. ROBINSON. Did you ever approach Dave Stearns and have any discussion with him on the basis of buying the Santa Anita Bar in order to get the service in there?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. Did you suggest to him that the Frontier and the Santa Anita be combined by breaking through the wall?

Mr. SEDWAY. I did not.

Mr. ROBINSON. Weren't there discussions—

Mr. SEDWAY. I think Mr. Rosen did. You see, when we made this deal up at the Golden Nugget, one thing they made very clear to us, they made very clear to us that, "There is to be no more books on the street." They didn't want any more books.

Mr. ROBINSON. Who said that?

Mr. SEDWAY. The crowd up at the Golden Nugget, that meeting.

Mr. ROBINSON. What meeting was this?

Mr. SEDWAY. The meeting that McAfee and Cahlen was present, and Art Hamm.

Mr. ROBINSON. Was this after Siegel died?

Mr. SEDWAY. Yes.

Mr. ROBINSON. What did you have to do with whether there would be books or not? You said that Connie Hurley had it.

Mr. SEDWAY. Connie Hurley was present then.

Mr. ROBINSON. And you were there?

Mr. SEDWAY. Yes.

Mr. ROBINSON. And Rosen?

Mr. SEDWAY. Yes.

Mr. ROBINSON. And you and Rosen really ran the racing wire, didn't you?

Mr. SEDWAY. No; I didn't.

Mr. ROBINSON. Wasn't it understood that when anybody wanted wire service or a discussion of wire service that it was you and Rosen they had to deal with?

Mr. SEDWAY. They had to deal with Connie Hurley alone.

Mr. ROBINSON. Who brought Hurley to Las Vegas?

Mr. SEDWAY. Siegel did.

Mr. ROBINSON. When did he bring him to Las Vegas?

Mr. SEDWAY. Maybe he came here himself.

Mr. ROBINSON. What did he do here when he came here?

Mr. SEDWAY. He got a book at the Boulder Club.

Mr. ROBINSON. At the Boulder Club?

Mr. SEDWAY. Yes.

Mr. ROBINSON. Who gave him the wire service?

Mr. SEDWAY. When he first got it, I gave it to him.

Mr. ROBINSON. You didn't mention that book, though. Is that a seventh book that there was?

Mr. SEDWAY. I think so; yes.

Mr. ROBINSON. Did he have any partners in the Boulder Club?

Mr. SEDWAY. I don't know.

Mr. ROBINSON. Who persuaded you to give him a book at the Boulder Club—Siegel?

Mr. SEDWAY. Nobody. I think there was a book in there before, some time ago, and he made a deal with Goumond who he knew in Detroit.

Mr. ROBINSON. And you agreed to give him the wire service; is that right?

Mr. SEDWAY. That is right.

Mr. ROBINSON. Did you continue to be a friend of his?

Mr. SEDWAY. Whose?

Mr. ROBINSON. Of Hurley's.

Mr. SEDWAY. Sure.

Mr. ROBINSON. You were a good friend?

Mr. SEDWAY. Yes.

Mr. ROBINSON. And Siegel was a good friend of both of you; is that right?

Mr. SEDWAY. That is right.

Mr. ROBINSON. And Rosen, you were all friends? Rosen was a friend of yours, too?

Mr. SEDWAY. Rosen wasn't here then.

Mr. ROBINSON. He came on and off to Las Vegas?

Mr. SEDWAY. He came to the hotel. I didn't see him very much.

Mr. ROBINSON. Did you ever have a falling out? Did you ever become an enemy of Hurley's?

Mr. SEDWAY. No.

Mr. ROBINSON. You continued to be friends?

Mr. SEDWAY. We are to this day.

Mr. ROBINSON. When your contract for the wire service expired, Connie Hurley just took it over; is that right?

Mr. SEDWAY. No; it was some time after.

Mr. ROBINSON. How did that happen?

Mr. SEDWAY. I think he took over—he took over Trans-America first.

Mr. ROBINSON. He took over the Trans-America service?

Mr. SEDWAY. That is right; when Trans-America went out of business, then he got the contract.

Mr. ROBINSON. He continued to be friendly with you; is that right?

Mr. SEDWAY. Yes.

Mr. ROBINSON. And to consult you and Rosen about wire-service problems?

Mr. SEDWAY. He didn't consult me about anything, sir.

Mr. ROBINSON. Didn't the Stearns group approach you to settle their difficulty about the wire service?

Mr. SEDWAY. He never approached me. I haven't talked to them in years. I haven't talked to Dave, anyway.

Mr. ROBINSON. Do you know a Judge Shure?

Mr. SEDWAY. Yes, I do.

Mr. ROBINSON. Did he ever approach you? Did he approach you to straighten out the wire service?

Mr. SEDWAY. A Judge Shure?

Mr. ROBINSON. Yes.

Mr. SEDWAY. I don't know what he had to do with it.

Mr. ROBINSON. Didn't you send him to the Stearns group?

Mr. SEDWAY. No; I didn't.

Mr. ROBINSON. Did he ever go to the Stearns at your request?

Mr. SEDWAY. He might have gone, but not at my request. I think he might have talked with me about it, but I told him that I had nothing to do with it.

Mr. ROBINSON. Didn't you tell him that you would never give him the wire service?

Mr. SEDWAY. He was just a lawyer around here; a disbarred lawyer.

Mr. ROBINSON. In any event, you never did give the Stearns group the wire service; is that right?

Mr. SEDWAY. I didn't have it to give it to them.

Mr. ROBINSON. And Hurley never gave it to them?

Mr. SEDWAY. No.

Mr. ROBINSON. Hurley continued to be very close to you?

Mr. SEDWAY. We were friends.

Mr. ROBINSON. You testified a little earlier that you had a meeting at which the group representing the Golden Nugget was there, and Hurley was there, and you and Rosen were there, and the Golden Nugget wanted to be sure there would be no more books in town; is that right?

Mr. SEDWAY. That is what they asked.

Mr. ROBINSON. Why did they ask you that?

Mr. SEDWAY. They didn't ask me that. They asked that of Hurley.

Mr. ROBINSON. And he was there in connection with your negotiations with the Golden Nugget? In other words, all one group operating together; isn't that right?

Mr. SEDWAY. Oh, no. He had nothing to do with the Golden Nugget book. They asked him to give them the wire for the Golden Nuggett, and he told them he couldn't give it to them, that he had



already given a wire to the Golden Nugget, that there are people in the Golden Nugget.

Mr. ROBINSON. In other words, he said if the wire didn't go to you and Rosen, nobody would get it; is that right?

Mr. SEDWAY. He didn't say that, no.

Mr. ROBINSON. Isn't that what it amounted to; there were already people there getting it?

Mr. SEDWAY. Naturally, if he is giving it to people, he is not going to take it away from them and give it to somebody else.

Mr. ROBINSON. It had to be you or nobody?

Mr. SEDWAY. He is doing business with us.

Mr. ROBINSON. Isn't it a fact that he meant that it had to be you or nobody?

Mr. SEDWAY. No, it isn't a fact. I am sorry.

Mr. HALLEY. Isn't that the plain meaning of what you are saying?

Mr. SEDWAY. No, it isn't the plain meaning. If you are doing business with somebody in a location, and somebody else comes along and wants that agency, and this man says, "Well, I already have somebody there; why should I give it to you?" the chances are that if we were out he would give it to them. If we were out of the Nugget, that is.

Mr. HALLEY. They had the power to put you out, didn't they?

Mr. SEDWAY. They had the power to put us—yes, they could have dispossessed us any time at all.

Mr. HALLEY. He said he wanted to continue to give it to the people that were already there?

Mr. SEDWAY. Mr. McAfee wouldn't put us out, because he gave his word. He was the one who stood up for us.

Mr. HALLEY. How did Rosen get into that book at the Golden Nugget?

Mr. SEDWAY. He bought in.

Mr. HALLEY. What did he pay?

Mr. SEDWAY. Here is what happened. After Siegel died, Rosen came to town and was trying to get some buyers for the Flamingo. I think he talked to several groups. Finally, I told him that I had talked to somebody and I thought I could get a couple of groups together, and I think we can buy it, if we could buy it reasonably, with a small down payment. So he says, "Well, you work it out, and when you get all set, go speak to the people."

So I did. I talked to Sanford Adler and Charlie Resnick. They owned the El Rancho Hotel at the time. I talked to him and he was very much interested and he said they would be interested but they couldn't take it all. So I called Mr. Greenbaum. He went back to Phoenix since—called him and he brought some people in. Mr. McElroy was brought in, and I got a man, a local man in town here, Mr. Mack. He put some money in, and we formed this group and bought the Flamingo for \$3,900,000, with a down payment of, I think, around \$500,000 or \$600,000; I don't remember. The records are there.

Then when Rosen—we got closer, and Rosen says, "Well, as long as I am going—" and Rosen, incidentally, liked the new set-up and he bought in. He put in 10 and then he bought in 5 more.

Mr. HALLEY. Ten what?

Mr. SEDWAY. Ten percent. And then 5 percent more—15 percent.

Mr. HALLEY. What did he pay?

Mr. SEDWAY. He paid what we all paid, except that for the first 10 he didn't have to put up any loan money.

Mr. HALLEY. Why not?

Mr. SEDWAY. Well, for the consideration that he was instrumental in making the—got all the proxies from all the other stockholders, and everything. So they agreed to sell it to him without a loan, the 10. But the five he loaned just like anybody else. Some people loaned more, some people loaned less.

Mr. HALLEY. How much did he have to put up for the five?

Mr. SEDWAY. For the five? Well, it was 10 percent capital and 90 percent loan.

Mr. HALLEY. How much would the loan be, then?

Mr. SEDWAY. I don't know what it would amount to; say, on \$500,000 or \$600,000, if he had 5 percent, it would be \$30,000, 10 percent would be—

Mr. HALLEY. Three thousand dollars?

Mr. SEDWAY. Three thousand dollars for capital and \$27,000 loan.

Mr. HALLEY. So he did not have to put up \$54,000 loan money on his 10 percent?

Mr. SEDWAY. No.

Senator TOBEY. After Mr. Siegel died, Mr. Rosen came down here, didn't he?

Mr. SEDWAY. Yes.

Senator TOBEY. And what had been Rosen's relations with Siegel before that?

Mr. SEDWAY. Rosen had an interest in the old Flamingo, in the Nevada Projects Co., and when Siegel died he came down to sort of look after the business and see what could be done to salvage it. The place was in a very bad spot. It was ready to close if they didn't get a buyer. They weren't doing much business on account of all the adverse publicity that Siegel was getting during that time.

Senator TOBEY. Rosen and Siegel had been pretty close in other deals in the past?

Mr. SEDWAY. I don't know, but they were very close. As a matter of fact, Rosen's son just recently married Siegel's daughter, so the families were close.

Senator WILEY. Who owned the 90 percent? Who had the interest in the other 90 percent?

Mr. SEDWAY. Various stockholders. I bought a piece there, I think, at the time. I bought 5½ percent.

Mr. HALLEY. Who were the other owners?

Mr. SEDWAY. Mr. Greenbaum, Mr. Mack.

Mr. HALLEY. This is Greenbaum, of Phoenix?

Mr. SEDWAY. Yes; and Stanford Adler. He bought forty-some-odd shares, 48 or 49 percent.

Mr. HALLEY. Adler eventually sold out; is that right?

Mr. SEDWAY. Adler eventually sold out.

Senator WILEY. How much do you own of it now?

Mr. SEDWAY. I own 78⅓ percent.

Senator TOBEY. Would you mind telling us what your net worth is now? What do you consider your net worth to be today?

Mr. SEDWAY. I wouldn't know offhand.

Senator TOBEY. A million dollars or more?

Mr. SEDWAY. No; I wouldn't know offhand. It is not a million dollars; no, sir.

Senator WILEY. What income have you been drawing out of the place?

Mr. SEDWAY. We draw no income at all.

The CHAIRMAN. What is your income per year? What was your income last year?

Mr. SEDWAY. I invested in properties around here, and I have been very successful. I just sold a piece of property for \$70,000, which I had a partner. I sold another piece of property for \$6,500 which cost me \$2,000. This piece that I sold for \$70,000 originally cost me \$14,000, and I still have three-quarters of it left, more than that, maybe four-fifths of it left.

This I bought a long time ago. I am talking about highway property on the Strip. The property adjoining the Flamingo I have with two associates. I have 50 percent, and they have 50 percent. We just sold 700-foot frontage for \$70,000. We still have the difference to a half-mile frontage.

Mr. HALLEY. When did you acquire that?

Mr. SEDWAY. Acquired it in 1944, and I bought it, I bought the whole thing for \$14,000.

Mr. HALLEY. You mean your 50 percent?

Mr. SEDWAY. No; I bought the whole thing and then sold 50 percent of it to these two fellows for \$25,000 2 years ago, or a little more. I sold it to them for \$25,000, and since then it went up so that we sold just 700 feet for \$70,000.

The CHAIRMAN. What was your net income last year?

Senator WILEY. What did you return?

Mr. SEDWAY. I don't know offhand.

The CHAIRMAN. Approximately how much?

Mr. SEDWAY. About \$30,000, \$35,000.

Senator WILEY. You don't get anything out of the Flamingo?

Mr. SEDWAY. I get my room; I get my board.

Senator TOBEY. This question isn't meant to be impertinent. We try to learn something in all these things. We are sitting down here and talking with other men who have been in the gambling business, and the point I make is a little deeper than that. You have been in this business all your life, and they are all playing the same games and they are all peeling off from it. You are growing rich, so to speak. The worst of it is that those of us who—I will speak it pretty clear: You don't contribute a thing in the way of production that makes real wealth. What you do is peel off in these games of chance. If you had your life to live over again, would you play the same kind of a game again?

Mr. SEDWAY. No, sir.

Senator TOBEY. We have a country we love, all of us, and you and I are a part of it; we are citizens. You simply wonder, after all, after the 60 or 70 years we live here, what it all amounts to after it is all said and done. You are in cahoots with a lot of people like Bugsy Siegel, and you wonder whether it all pays or not or what it amounts to, and why men do these things. I look upon these people in my State of New Hampshire that till the soil and make \$2,000.

a year as a lot richer than these people down here. They have got peace of mind and can look everybody in the eye.

Mr. SEDWAY. Senator, you see what it got for me, three coronaries and ulcers.

Senator TOBEY. What I am asking is this: What does it all amount to? Why do men play the game this way? What makes it attractive to them? What is the matter with men?

Mr. SEDWAY. Just go into that type of business and you get into it and you stay in it.

Senator TOBEY. You say you knew Lucky Luciano? He is a moral pervert and the scum of the earth, Lucky Luciano, and he is playing the game over there still in Italy.

When decent men want to make a living, these men peel it off. They are rich; they are poor. They may have money but that is all they have got.

Mr. SEDWAY. We don't get as rich as you think we do. This is hard work. I work pretty hard in this business.

Senator TOBEY. But you got the rich end all the time. If you put the same talent you have got toward constructive things in life, producing something that makes real wealth and human happiness, men would arise and call you blessed.

We find these men all over the country. What has come over the world? What are the dangers: Love of money and power. There are some finer things in the world.

Mr. SEDWAY. You asked me if I would want to do it over again. I would not do it over again. I would not want my children to do it again.

Senator TOBEY. I feel very earnest about it. It is a cancer spot in the body politic.

Mr. HALLEY. What interests do you have today in any books in Las Vegas?

Mr. SEDWAY. None whatsoever.

Mr. HALLEY. No books whatsoever?

Mr. SEDWAY. No. I have given that up after that. I was offered books. I don't want to make any more money. I am looking to make a living. I don't know how long I am going to live. I have these heart attacks and the other difficulty, and I am 57 years old. I am older than you are, and figuring along and making a living for my family, and I am not making a lot of money.

Mr. HALLEY. What are your present business interests? You have your 7½ percent of the Flamingo?

Mr. SEDWAY. And I have some property that I buy and sell. If I have a chance to buy a piece of property, I buy it and sell it, and that is the only way I can accumulate that kind of money, is to buy property and sell it.

Mr. HALLEY. Aside from the Flamingo, do you have any interest in any other gambling operation?

Mr. SEDWAY. No, sir.

Mr. HALLEY. Do you know whether Meyer Lansky has any holding in Las Vegas?

Mr. SEDWAY. Whether he has any holding now?

Mr. HALLEY. Yes.

Mr. SEDWAY. No; I don't.



Mr. HALLEY. Did he ever have?

Mr. SEDWAY. Yes; he did.

Mr. HALLEY. What was that?

Mr. SEDWAY. He was interested in the El Cortez Hotel.

Mr. HALLEY. When was that?

Mr. SEDWAY. 1945, I think.

Mr. HALLEY. How long did he have an interest?

Mr. SEDWAY. As long as we had it.

Mr. HALLEY. Who had it?

Mr. SEDWAY. Siegel was interested in it.

Mr. HALLEY. Siegel and Lansky?

Mr. SEDWAY. Lansky——

Senator TOBEY. Where is that hotel?

Mr. SEDWAY. It is here in Las Vegas. It is a commercial hotel.

Mr. HALLEY. Was Marion Hicks there?

Mr. SEDWAY. We bought it from Hicks.

Mr. HALLEY. Who else had an interest?

Mr. SEDWAY. Greenbaum, several others. There was a big group.

Mr. HALLEY. In 1945 this was?

Mr. SEDWAY. Nobody had a very big interest in any one of those places.

Mr. HALLEY. Siegel, Lansky, Greenbaum, yourself—who else?

Mr. SEDWAY. All the men—Berman, several others. I don't remember who. You refresh my memory, and I will tell you "Yes" or "No."

Mr. HALLEY. When did you sell out?

Mr. SEDWAY. We sold out in 1945 or 1946.

Mr. HALLEY. Did you have a casino in the El Cortez?

Mr. SEDWAY. A small casino.

Mr. HALLEY. Did you have a horse book?

Mr. SEDWAY. No.

Mr. HALLEY. Does Lansky still own any interest in the El Cortez?

Mr. SEDWAY. No; I don't think so.

Mr. HALLEY. How about Jack Lansky?

Mr. SEDWAY. No. He also was an associate with us, and then he bought it from us.

Mr. HALLEY. He bought you all out?

Mr. SEDWAY. Yes; with another man.

Mr. HALLEY. What is his name?

Mr. SEDWAY. J. K. Houssels.

Mr. HALLEY. Do the Lanskys have any interest in the Thunderbird?

Mr. SEDWAY. I don't know.

Mr. HALLEY. They stay there a great deal; don't they?

Mr. SEDWAY. Not Meyer; Jake has been there.

Mr. HALLEY. How long was Jake there, to your knowledge?

Mr. SEDWAY. I think he was there up to a couple of weeks ago, when I saw him before I went to the hospital. I have been in the hospital now for 11 days. Two weeks yesterday is when I went into the hospital, and I think he was there before that. I don't know when he went in.

Mr. HALLEY. Does Sadlow have an interest in the Thunderbird?

Mr. SEDWAY. I don't know.

Mr. HALLEY. Do you know Sadlow?

Mr. SEDWAY. Yes; I do.

Mr. HALLEY. Does he have any other interests in this city?

Mr. SEDWAY. I don't know.

Mr. HALLEY. Do you know whether Adonis has any interest?

Mr. SEDWAY. I don't know.

Mr. HALLEY. Did he ever?

Mr. SEDWAY. I don't know offhand.

Mr. HALLEY. Do you think he might have?

Mr. SEDWAY. I don't know.

Mr. HALLEY. Have you ever seen Adonis in Las Vegas?

Mr. SEDWAY. Yes.

Mr. HALLEY. What is the most recent occasion?

Mr. SEDWAY. Five years ago.

Mr. HALLEY. Did you ever negotiate with him to take an interest in the Flamingo?

Mr. SEDWAY. No, sir; the Flamingo wasn't built then.

Mr. HALLEY. Does Costello have any interest in Las Vegas?

Mr. SEDWAY. Not that I know of. I am sure not, but I can't say "No," but I am pretty sure not. He has never been here.

Mr. ROBINSON. Do you know of any interest that Aaron Smehoff, alias Allen Smiley, has?

Mr. SEDWAY. I don't know.

Mr. ROBINSON. Did he ever have?

Mr. SEDWAY. I don't think so.

Mr. ROBINSON. Wasn't he in the original Nevada Projects Corp.?

Mr. SEDWAY. He may have been; I don't know. I wasn't in it.

Mr. ROBINSON. Did you have any conference here with Jack Dragna in the last year or 2 years?

Mr. SEDWAY. Did I have a what?

Mr. ROBINSON. A conference with Jack Dragna here in Las Vegas.

Mr. SEDWAY. I talked to him when he was here.

Mr. ROBINSON. He flew here to see you; didn't he?

Mr. SEDWAY. I don't know if he flew to see me for any particular reason.

Mr. ROBINSON. He flew here; didn't he?

Mr. SEDWAY. I don't know whether he flew here or how he came here.

Mr. ROBINSON. Where did he see you?

Mr. SEDWAY. At the Flamingo. I think he stayed there.

Mr. ROBINSON. How long did he stay at the Flamingo?

Mr. SEDWAY. I don't know exactly.

Mr. ROBINSON. What was the subject of your discussion?

Mr. SEDWAY. Nothing of importance.

Mr. ROBINSON. Well, did he talk any business at all with you?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. Did he talk about a possible investment in the Desert Inn?

Mr. SEDWAY. No.

Mr. ROBINSON. And he didn't talk about any business with you?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. Did he talk about the wire service?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. You had no discussions whatsoever about the wire service?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. Do you know Hymie Levin, of Chicago?

Mr. SEDWAY. Do you mean the crippled fellow?

Mr. ROBINSON. The one who had the wire service in Chicago.

Mr. SEDWAY. Isn't that the fellow who is so awfully sick?

Mr. ROBINSON. Yes.

Mr. SEDWAY. I met him when he was in bed.

Mr. ROBINSON. Did you ever discuss the wire service with him?

Mr. SEDWAY. No. I had nothing to do with any wire service outside of Las Vegas, as I recall.

The CHAIRMAN. Mr. Sedway, why was Siegel killed, and who killed him?

Mr. SEDWAY. I don't know, sir.

The CHAIRMAN. He was killed in connection with the wire service. Exactly what was the controversy there?

Mr. SEDWAY. I don't know. I wouldn't know if he was killed in connection with the wire service or any other reasons.

The CHAIRMAN. Where was he shot?

Mr. SEDWAY. He was killed in Beverly Hills, in the home of Virginia Hill.

The CHAIRMAN. You don't think it had anything to do with the wire service; do you?

Mr. SEDWAY. I don't know. I wouldn't know whether it had anything to do with anything. I saw Siegel the night before. As a matter of fact, I very seldom came up to the Flamingo, because I was the chairman of the UJA for several years, and it was time to put on another drive, and I wanted to put a drive on at the Flamingo, which eventually I did, after he died.

Senator WILEY. Chairman of what?

Mr. SEDWAY. Of United Jewish Appeal of the State of Nevada. I have been chairman for some time. This last year I was so sick I didn't want to take it on, but I eventually took it on anyway.

Senator TOBEY. You say you saw him the night before he died?

Mr. SEDWAY. Yes.

Senator TOBEY. He left for Los Angeles the next day; did he?

Mr. SEDWAY. Yes, sir. I had the regional agent for the UJA with us. I forget his name. I can get it. And we discussed it, and Siegel said that he thinks he can get Al Jolson down for the dinner, which would be a big thing for us.

Mr. HALLEY. Sticking to this murder, did he say anything that might indicate that he was in fear of his life?

Mr. SEDWAY. He never said anything.

Mr. HALLEY. Have you any idea of why he might have been murdered?

Senator WILEY. Where was this conversation with you?

Mr. SEDWAY. In the dining room.

Senator WILEY. Up here?

Mr. SEDWAY. Yes.

Senator WILEY. Then he went back?

Mr. SEDWAY. Then he went back later that evening. I had left with this gentleman that came in from Washington to see me about the drive, and he went back, and he was supposed to call me the next day in reference to Jolson. He never did call me, and the next thing, late that night, is when it happened.

The CHAIRMAN. At the Flamingo did you have a commission man to lay off bets somewhere?

Mr. SEDWAY. We have one there now.

The CHAIRMAN. You have one. Whom do you have, Mr. Phillips?

Mr. SEDWAY. No, sir; Mr. Gobaum.

The CHAIRMAN. What is his first name?

Mr. SEDMAN. Hy Gobaum.

The CHAIRMAN. Where does he lay off bets?

Mr. SEDWAY. They lay off bets. They bet all over the country.

The CHAIRMAN. There are several telephones, and they just call Carroll, Erickson, or somebody in San Francisco and Los Angeles?

Mr. SEDWAY. They are strictly a betting office. They don't book. They are strictly a betting office. They are betting.

Mr. HALLEY. You mean Gobaum.

The CHAIRMAN. How many commission men are there in Las Vegas?

Mr. SEDWAY. I think there is one in the Desert Inn and one in the El Rancho. There is one in the Last Frontier.

Mr. HALLEY. Is the one in the Last Frontier, Mr. Phillips?

Mr. SEDWAY. I don't know.

Mr. RUYMANN. What is your financial arrangement with him?

Mr. SEDWAY. They pay rent. That is all they do, Bill.

Mr. RUYMANN. What rent do they pay?

Mr. SEDWAY. I think they pay \$1,000 a month.

Mr. RUYMANN. Don't you get any of the take?

Mr. SEDWAY. No. A lot of people come downtown to see him and we get business through them for the hotel.

Mr. HALLEY. How do they operate? If you get somebody who wants to put a bet in your book and the bet is too high, do you put it over with them?

Mr. SEDWAY. That has nothing to do with our book.

Mr. HALLEY. Just how do they operate?

The CHAIRMAN. Whose book does it have something to do with?

Mr. SEDWAY. They have people call them and they sell their——

Mr. RUYMANN. They call them from where?

Mr. SEDWAY. From all over the country.

Mr. RUYMANN. They call the bets in here?

Mr. SEDWAY. They call the bets in and they call them and they get 2½ percent and sometimes 5.

Mr. HALLEY. Do they have to replace these bets in different places?

Mr. SEDWAY. Yes; and whoever takes the bets for them pays him for it.

Mr. HALLEY. Where do they place the bets?

Mr. SEDWAY. In various parts of the country.

Mr. HALLEY. Do you mean they will get bets from people all over the country?

Mr. SEDWAY. They will get it from one bookmaker and sell it to another one.

Mr. HALLEY. They operate as a sort of exchange, don't they?

Mr. SEDWAY. It is a commission office, strictly. They make their money strictly off of the 2½-percent commission.

Mr. HALLEY. In other words, if a bookmaker in Miami Beach has a bet he doesn't want to handle, he will call them and they may find a bookmaker in Chicago or Los Angeles?



Mr. SEDWAY. If they don't find a bookmaker, they will pass them.

Mr. HALLEY. Does the Flamingo book ever try to give them any book?

Mr. SEDWAY. The Flamingo book is a very small book.

Mr. HALLEY. Suppose somebody came in and put down a very big bet that they wouldn't want to handle?

Mr. SEDWAY. We would just pass it.

Mr. HALLEY. Why wouldn't you refer it to Gobaum?

Mr. SEDWAY. Gobaum is a betting office, not a——

The CHAIRMAN. You can lay it with somebody else?

Mr. SEDWAY. They would probably give it to Gobaum himself, if there was enough time.

Mr. HALLEY. He has got to have very fast phone service?

Mr. SEDWAY. That is right.

Mr. HALLEY. How does he get that?

Mr. SEDWAY. He has several phones.

Mr. HALLEY. Who arranges for these long-distance calls to go through so quickly?

Mr. SEDWAY. I don't know that they go through quicker than any other calls.

Mr. HALLEY. He has got to get them through in a matter of seconds.

Mr. SEDWAY. It only takes a minute to get any place.

Mr. HALLEY. They have direct long-distance wire?

Mr. SEDWAY. They don't have to go through the local office.

Mr. HALLEY. Do they have a special operator handling their calls?

Mr. SEDWAY. I don't know whether they do or not. They are called LD phones. They are not local phones. You pick up a phone and you immediately have long distance.

The CHAIRMAN. If you want Chicago number such-and-such, can you get it like that?

Mr. SEDWAY. That is right.

Mr. HALLEY. What does the Flamingo pay for its wire service per week?

Mr. SEDWAY. I don't know exactly. I——

Mr. HALLEY. To your best recollection.

Mr. SEDWAY. I would say around \$200. That is not my department. All I do is take care of the dining room and the shows. I book all the shows, put on all the shows and book all the shows. That is all I have got dealings with now, is with actors. I have nothing to do with the gambling end or the booking end of it. As a matter of fact, I don't go into the office of Gobaum. I stay in bed 15 or 16 hours a day.

The CHAIRMAN. Is that \$1,000 a month he pays?

Mr. SEDWAY. Around that. It might be \$750. Don't hold me to those figures.

Mr. HALLEY. And you think the hotel pays \$200 a week for the wire service?

Mr. SEDWAY. I think so; yes.

Mr. ROBINSON. When you were in Los Angeles, were you acquainted with Big Greenie Greenberg?

Mr. SEDWAY. No; I never knew him.

Mr. ROBINSON. Did you hear of Big Greenie Greenberg in Los Angeles?

Mr. SEDWAY. I heard of him after he was killed.

Mr. ROBINSON. Was Mr. Siegel indicted for that murder?

Mr. SEDWAY. Yes, sir.

Mr. ROBINSON. Did he ever discuss it with you?

Mr. SEDWAY. No, sir.

Mr. ROBINSON. Was he ever brought to trial on it?

Mr. SEDWAY. Yes, sir.

Mr. ROBINSON. He was brought to trial?

Mr. SEDWAY. Yes, sir.

Mr. ROBINSON. In Los Angeles?

Mr. SEDWAY. Yes, sir.

Mr. ROBINSON. Or Brooklyn?

Mr. SEDWAY. What?

Mr. ROBINSON. In Los Angeles or Brooklyn?

Mr. SEDWAY. In Los Angeles, wasn't it?

Mr. ROBINSON. Because of the death of Abe Reles he was not convicted—the principal witness in the case.

Mr. SEDWAY. I think the case was after the defense rested. I think they asked for a directed verdict and it was given.

Mr. ROBINSON. In the meantime the principal witness, Mr. Abe Reles, fell out of a hotel in Coney Island, is that correct?

Mr. SEDWAY. I read that in the paper.

Senator TOBEY. Did he fall, or was he pushed?

Mr. SEDWAY. Police were with him in the room, so he must have fallen.

Senator TOBEY. What about this man McAfee? Do you know him pretty well?

Mr. SEDWAY. Yes.

Senator TOBEY. What kind of a fellow is he?

Mr. SEDWAY. A very nice fellow.

The CHAIRMAN. What did the Flamingo make last year?

Mr. SEDWAY. Offhand I wouldn't know.

The CHAIRMAN. Well, about, your best judgment.

Mr. SEDWAY. I would say, net after taxes, around \$400,000—between \$300,000 and \$400,000. As we make it we throw it back in.

The CHAIRMAN. We appreciate the testimony you have given us here.

(Witness excused.)

#### TESTIMONY OF ROBERT J. KALTENBORN, LAS VEGAS, NEV.

The CHAIRMAN. Mr. Kaltenborn, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KALTENBORN. I do.

Mr. HALLEY. What is your full name?

Mr. KALTENBORN. Robert J. Kaltenborn.

Mr. HALLEY. What is your address?

Mr. KALTENBORN. Rancho Road, Las Vegas.

Mr. HALLEY. What is your business?

Mr. KALTENBORN. It is varied, sir. I am the owner of the largest wholesale automobile parts store in Las Vegas, and varied real-estate ownerships. At the present time I am building a subdivision housing project.

Mr. HALLEY. Were you ever convicted for a violation of the internal-revenue laws?

Mr. KALTENBORN. I pled nolo contendere in March of last year.

Mr. HALLEY. Were you sentenced?

Mr. KALTENBORN. To 6 months in a Federal prison, Tucson, Ariz.

Mr. HALLEY. Did you serve?

Mr. KALTENBORN. Four months and eight days.

Mr. HALLEY. In connection with what business did you find yourself indicted?

Mr. KALTENBORN. Well, they arrived at the deficiency from a net worth standpoint, and of course the earnings were from varied interests, but at that time it would have been from—my income would have been from my earnings of the wholesale parts business, which I have had since 1932, from varied real-estate transactions, and a half ownership in a very small gambling club which I formulated in September of 1942 and sold out in April of 1944. Of course the period of the charges was for the years 1942 and 1943.

Mr. HALLEY. Did you have any business partners during those years?

Mr. KALTENBORN. Yes, sir.

Mr. HALLEY. Who were they?

Mr. KALTENBORN. I had varied partners. I don't know how far you want me to go to break it down.

Mr. HALLEY. In your principal business.

Mr. KALTENBORN. In the automobile parts business?

The CHAIRMAN. Anyway, the three who owed a tax like you owed.

Mr. KALTENBORN. There was only one other, sir, Mack.

Mr. HALLEY. Was he indicted, too?

Mr. KALTENBORN. No, sir.

Mr. HALLEY. Now, at some time were you asked to purchase stock in a copper mine?

Mr. KALTENBORN. Yes, sir.

Mr. HALLEY. Would you tell the committee about that?

Mr. KALTENBORN. Well, it was in the early summer of 1945, after which I had known that I was being investigated, that a man by the name of Hartman came to my place of business and started the conversation by saying to me that "Senator Scrugham and I registered at the Salsagel Hotel last night and that at breakfast this morning the Senator insisted that I contact you," that he wanted me in this company, "that he was a very close associate of a friend of yours"—and the Senator was, I knew him very well. And immediately it flashed through my mind that the man was not telling me the truth because I know that Senator Scrugham never stopped any place in Las Vegas except at the National Hotel.

I thought that possibly the man was telling me the truth, but I had doubted it, and I excused myself for a moment and went to a phone away from him in my store, and I called the Salsagel Hotel, and he was not there and didn't register there, and then I called the National and the Senator was in town but he wasn't at the Salsagel Hotel, so I went back, didn't tell the fellow, of course, what I found out, but confirmed my opinion that this man was a damned liar.

So I said to him, "Mr. Hartman, you have got me in a very busy time. I would like to buy your lunch at noon and go into the matter

of this investment more thoroughly because of Jim Scrugham asking you to come to see me. I would like to go into it more thoroughly."

So he said, "Well, I would like to tell you a few of the people that are interested in the company and who the officers are," and so forth and so on. I tried to get away from him without taking much more time, but he insisted upon telling me a few of the details, and as he got further along I thought that—he broached the subject of me not having met the right people in Nevada. "You have done an excellent job for yourself and for the community, but you haven't met the right people. You wouldn't be in this problem if you had met the right people." So again he mentioned the fact that he had Clark—he is now gone—who was a very influential man and a very dear friend of mine, that he had \$10,000 worth of stock.

Senator TOBEY. What was the name of the company?

Mr. KALTENBORN. Mountain City Consolidated Copper Co. I know it is the company in question. I am sure it is Mountain City Consolidated Copper Co.

Mr. HALLEY. Did he mention the name to you?

Mr. KALTENBORN. Yes, sir.

Mr. HALLEY. Did he mention Patrick Mooney?

Mr. KALTENBORN. Yes, sir.

Mr. HALLEY. Who did he say Mooney was?

Mr. KALTENBORN. He said Mooney was head of the State income-tax department.

Mr. HALLEY. You mean the Federal?

Mr. KALTENBORN. That is right. I mean in our State he was the head, in our State.

Mr. HALLEY. Did he say that Mooney had an interest in this company?

Mr. KALTENBORN. He told me he was the secretary-treasurer, and he told me to send my money there.

Mr. HALLEY. Did he say directly that if you bought the stock you would not be indicted?

Mr. KALTENBORN. That is right. He told me that Mr. Mooney would show me how to charge it off so that I could take a short-term loss.

Mr. HALLEY. Did he indicate that you were sure to have a loss?

Mr. KALTENBORN. Well, he told me that I was just buying the stock for the purpose of evading income-tax prosecution.

Mr. HALLEY. In other words, you weren't to expect any possibility of making any money?

Senator TOBEY. What is this fellow's name again?

Mr. KALTENBORN. May I, as long as you ask me—I want this understood. I went to see Ed Clark, who is a very important man. At one time he was very, very well known in town, very important man. I always went to him for counsel. So he asked me to take this man to dinner and to get all the information I could get out of him, which I did.

Mr. Hartman asked me, after we got through with dinner, if I wanted to introduce him to four other people in town, one of which I know was—one of which was my partner named Mack. So when I got through with my lunch I went back, or I told Mr. Hartman, rather, that I would have to try and raise the money, that I—I had no intentions of buying it—but that I didn't feel I could go \$3,500, but would



\$2,500 suffice? He said absolutely not. He said, "You are on the list for \$3,500."

So I reported back to Mr. Clark, who supposedly owned \$10,000 worth of the stock, and Mr. Clark told me he didn't intend for me to buy any of the stock.

In 3 or 4 days I got a telephone call from Mr. Mooney, who I presumed to be Mr. Mooney. I never met the man. The telephone call came to my store, and he says, "I understand you are making some derogatory remarks in regards to my connections with the Mountain City Consolidated Copper Co., and I would like to know what you said." I said, "What am I supposed to have said?"

"That if you buy this stock you won't have any income-tax problems, that you will have met the right people," and so forth and so on.

And I said, "Well, let me tell you this, Mr. Mooney. Undoubtedly you have a telephone in your office, a dual telephone line. Will you put Mr. Hartman on the phone, and I want you to listen in." I said, "Now, Mr. Hartman, I want Mr. Mooney to hear this. I want to say this to you, that you have undoubtedly told—undoubtedly Clark has told Mr. Mooney, or somebody in turn who has told him what took place, and you have denied it, naturally. And I want to tell you two things that have happened to cause me to think that you are a damned liar, and then I am going to let Mr. Mooney use his own judgment. You first stated that you stayed at the Salsagel Hotel with Jim Scrugham, and I knew that was not true because he never stays there. I have entertained many friends of Jim Scrugham's in town."

That was the No. 1 lie. He started trying to alibi that, that he didn't mean to say that; he meant to say that he had breakfast at the Salsagel with Jim Scrugham, said that isn't what he said.

I said, "You told me he had—Clark had—\$10,000 worth of that stock," and I said, "Clark told me that is not true, and asked me to take you to dinner and bleed you for all the information I could get, and I presume he has passed it to Bob Douglass, who is Mr. Mooney's superior officer." I said, "You lied to me twice and that is all there is to it. Mr. Mooney can do whatever he pleases," and that is exactly what took place.

The CHAIRMAN. What did Mr. Mooney say on the telephone?

Mr. KALTENBORN. He, of course, wanted me to tell him whether this man offered to give me immunity for my problems, and I assured him that that man wanted to say that, and he wanted to defend the man, to tell me that I wasn't telling the truth. And that is when I asked the fellow to get on the phone, to let him listen, to tell him two of the lies he told me, and let Mr. Mooney use his own judgment of what took place. That was in '45.

Mr. HALLEY. Did your associate, Mack, buy any stock?

Mr. KALTENBORN. I do not know.

Mr. HALLEY. Did you ever discuss it with him?

Mr. KALTENBORN. Yes; I discussed it with him.

Mr. HALLEY. Did he tell you whether or not he had bought stock?

Mr. KALTENBORN. No; he did not tell me, but he was in the same business and he was not indicted. As a matter of fact, he was allowed to make an amended return, and I wasn't.

Senator WILEY. How much was involved?

Mr. KALTENBORN. That is one thing.

Senator WILEY. What did they claim?

Mr. KALTENBORN. They claimed \$77,000 tax that I owed. I just received my bill the other day with my \$4,200 forgiveness of 1942, if you understand that you lose your forgiveness if fraud takes place. My total bill was less than \$19,000. That includes 50-percent fraud penalty and the 42-percent tax, and I must say one thing to you, that this is the truth. My brother—I don't want to go into too great detail—gave me \$6,000 that he won in gambling games in camp before he was shipped overseas, and he was having trouble with his wife, and I invested the money for him. He paid income tax on the \$6,000, and they refused to take my story and said that they had never heard of such a thing. And also that had it not come up in my net-worth basis, with the \$4,200 I lost in my 1942 forgiveness, I wouldn't have—

The CHAIRMAN. What is Mr. Hartman's first name?

Mr. KALTENBORN. I refreshed my memory since all this came up, and he is registered at the hotel under two different initials, but I only remember him as Mr. Hartman, and at the Salsagel Hotel he registered as E. H., and once as L. H., and I am sure it is the same man because it is the same time. But, of course, from all I understand, he has been using many aliases. I think you have him down as Martin or something.

Senator WILEY. You said the original assessment was \$77,000?

Mr. KALTENBORN. Yes.

Senator WILEY. What office assessed that?

Mr. KALTENBORN. The San Francisco Fraud Division of Internal Revenue. We went into these—after I plead *nolo contendere*—and that is a long story. I don't think they could have ever convicted me. I am sincere about it. When I went to San Francisco about 4 months ago with my tax counsel, in San Francisco, very decently, and so forth, in a very friendly way, my total bill, with the 42 percent interest and the 50-percent fraud penalty and the forgiveness that I lost, why, it would come to less than \$20,000.

Senator WILEY. What I am getting at is, they double up on you. That would be 36, wouldn't it, from 72?

Mr. KALTENBORN. No, sir. The bill that they claim—in other words, the amount of money that they claim that I had in excess of what I covered by the taxes I paid would have required me to have paid another \$77,000 tax. Had they found that I defrauded them of an amount of money, that would have required the payment of \$77,000 tax. Let's call it \$70,000.

Senator WILEY. For what year?

Mr. KALTENBORN. Two years. Then if they found that I had defrauded them out of an amount of money, that would have required an additional payment of \$70,000 taxes. The first thing that would be done would be a 50-percent penalty: that would have made it \$35,000 more. Then 6 percent interest on both the amount of the taxes and the penalty, which in 7 years, would have been 42 percent, so the \$77,000 would have become a little more than—but I would have owed them \$150,000.

Senator WILEY. Was the settlement compromised?

Mr. KALTENBORN. When my tax people sat down with the conferees in San Francisco and fought out how much money my various properties were worth, and allowed for living expenses, and so forth, the

amount of money that I apparently defrauded them out of would have been about \$10,000 instead of \$77,000.

Senator WILEY. Then someone, either intentionally or through negligence, figured that seventy-thousand-odd dollars?

Mr. KALTENBORN. There is only one thing that I want to say to you. I was so pleased to have the matter over with, because it is a thing since 1943 that has been like a sword over my head. Everybody in the city of Las Vegas knew all about my troubles and my problems. Seemingly, some way or another, there must be method in their madness of letting everyone in the world know that I was being investigated. I don't know why. I was pretty prominent in this town, I must say: Past president of the chamber of commerce, past president of the Kiwanis, chairman of the Red Cross, chairman—I started city management of the government of Las Vegas. I have been mayor pro tempore. But instead of even coming to me and giving me any chance whatsoever to settle my problems with them, like they did Mr. Mack, my partner—they let him settle his problem—they slapped the hooks to me by telling everybody in the city that I was under investigation. I had two gentlemen—and I would like to have you put the names down, Donavon and Shenke, two income-tax experts in Los Angeles. Mr. Donavon was 27 years with the Internal Revenue Department, and he came down here—I am going to have to refer to it this way—2 days after Molly Malone was elected—put it that way, because I remember it so distinctly—and offered to settle my problems for a \$15,000 fee.

I ask you, how does Donavon, Shenke, find out that I was in tax problems?

The CHAIRMAN. Are they attorneys?

Mr. KALTENBORN. They are tax consultants. I think it is S-h-e-m-k-e. They are very prominent people in tax matters. Mr. Donavon was 27 years with the Internal Revenue.

The CHAIRMAN. They came and saw you?

Mr. KALTENBORN. They came to me in the presence of witnesses. "We cannot guarantee you," they said, "we can get you out of the jam. We know the jam you are in. We known that you are going to be indicted for \$50,000."

Mind you, I hadn't been indicted yet.

"And for a fee of \$15,000 and 25 percent of what we save for you, we will take your case—and we want you to know we have never lost a case."

Senator TOBEY. Where are they located?

Mr. KALTENBORN. Los Angeles. And they came here to Las Vegas.

Senator TOBEY. The same kind of racket is going on in Washington. More about that later. It is the same kind of a racket.

Mr. KALTENBORN. In all due sincerity, and I have great confidence in Mr. Ruymann—I have dealt with him. I ask in the strictest confidence, what is a fellow like myself going to do? I have a good moral obligation. I got out of the gambling business because I don't like it. What is a fellow going to do like myself who has seven more years to settle with those people? I don't think—and I say it from the bottom of my heart—I think Pat Mooney was the brains of the deal, but his life is spent.

The CHAIRMAN. What does he do now?

Mr. KALTENBORN. He is retired now.



The CHAIRMAN. Is this fellow Hartmann in the service?

Mr. KALTENBORN. He was just a stock salesman.

Mr. RUYMANN. Bob, did Blom have anything to do with that?

Mr. KALTENBORN. Blom was the investigator who investigated me and who was later dismissed from the service because of an unsavory character, reputation, writing bad checks and getting drunk in Las Vegas.

Mr. RUYMANN. Do you know whether Rex Blom had anything to do with this copper company?

Mr. KALTENBORN. I want to correct that. I would not know if he did have.

Mr. RUYMANN. In the course of his investigation did he ever mention it?

Mr. KALTENBORN. No, sir. He was a pretty smart boy. At one time, from all the information I was able to get, he was the top man in the department. He went completely haywire.

Senator TOBEY. Is that the Union Pacific representative?

Mr. RUYMANN. This is off the record, Senator, but to say that that man is anywhere near the best man in the service is an insult to the Treasury Department.

Mr. KALTENBORN. I was only told that. I want you to know that. I was asked by the Department to plead nolo contendere, and I was threatened—I am talking too damned much. I can't help it. I was told not to do it.

Mr. RUYMANN. Who asked you to plead nolo contendere?

Mr. KALTENBORN. The Internal Revenue Department.

Mr. RUYMANN. Who?

Mr. KALTENBORN. Do I have to answer that?

Mr. RUYMANN. Yes.

Senator TOBEY. We would like to have you.

Mr. KALTENBORN. The man that took Mr. Blohm's place.

Mr. HALLEY. What is his name?

Mr. KALTENBORN. Howard Werner.

Mr. HALLEY. Who told you not to talk about it?

Mr. KALTENBORN. My attorney. They told me to answer your questions. But this sears my heart, that something has to be done about these things.

The CHAIRMAN. We agree with you on that. Howard Werner—what is he now?

Mr. KALTENBORN. He is the head of the Frauds Division of the Internal Revenue in this area.

Senator TOBEY. Where is he located?

Mr. KALTENBORN. Las Vegas.

Mr. RUYMANN. You are saying that he told you to plead nolo contendere?

Mr. KALTENBORN. He asked me to plead nolo contendere.

Mr. RUYMANN. Who was present at the time he asked you?

Mr. KALTENBORN. Nobody. He told me that if I didn't, and fought them, that they would have to arrest my wife.

Mr. RUYMANN. Where were you at the time he told you that?

Mr. KALTENBORN. I don't know whether I was in his office. I believe I was in his office here in this building. He told me they would have to throw a jeopardy assessment against me, for \$100,000.



In 1942 I had a partner in the second wholesale automobile-parts business that I had forgotten about, and that business got involved very seriously in '46 financially, and I was in damned bad financial shape for cash money. I had to put out \$78,000, and so when—when they threatened me that if I fought them they would throw a jeopardy assessment on my business, it would have meant the wrecking of my business; and that if I pled *nolo contendere* they wouldn't arrest my wife, they would waive the fraud, which they did against my wife, and they would do everything they could to get me an easy sentence—

Mr. RUYMANN. How long before the trial did he supposedly tell you this?

Mr. KALTENBORN. I would say 2 or 3 months.

Mr. RUYMANN. He told you 2 or 3 months before the trial to plead *nolo contendere*?

Mr. KALTENBORN. Yes.

Senator WILEY. Any more fellows in this community that you know have been bled?

Mr. KALTENBORN. Only gossip and what this man Hartmann told me.

The CHAIRMAN. Where is Mr. Hartmann now?

Mr. KALTENBORN. Sir, I don't know.

Mr. ROBINSON. I have him subpoenaed in San Francisco.

Mr. KALTENBORN. He is an ex-convict. I will say this, that the SEC has been after me for 4 or 5 years to testify, and I have refused to do it, because I was afraid of the consequences.

Mr. RUYMANN. You made that statement, that you were the only man that served time for income tax in Clark County?

Mr. KALTENBORN. No; I didn't say that. I think it is probably true. No; I wasn't, either.

Mr. RUYMANN. Dr. Davis served 2 years.

Mr. KALTENBORN. I only wanted to let you know this, that I have Conway & Moe, very high grade tax accountants, who said to me that had they been taken into my employ before I pled *nolo contendere* that they positively would not have handled my case, had I pled *nolo contendere*, because they didn't have nothing on me.

Gentlemen, when you have had a good reputation, and as I said to you, I don't think I came here in '42 broke flatter than a pancake. I made a lot of money. I worked hard. I have been president of the chamber of commerce.

When a man has gone through life and has daughters and grandchildren, and they threaten to break you, they will hound you the rest of your life. You are not shocked to death because you know that is what they do to everybody.

The CHAIRMAN. Mr. Kaltenborn, did you get anything in writing at all from Mr. Hartmann, or any of these people?

Mr. KALTENBORN. No, sir.

The CHAIRMAN. All oral?

Mr. KALTENBORN. Except one statement; a Charles W. Pipkin—you would never believe this, but this story—my name got involved—

The CHAIRMAN. Stay with this. Did you get anything in writing, and tell us anything in writing that you know of?

Mr. KALTENBORN. No.

Senator WILEY. What were you going to say about Pipkin?

Mr. KALTENBORN. After I took this man to the El Rancho Hotel for lunch at noon—and the reason I know it was an early summer is because the day was very bright—I left him off in front of my store, which is just at the Sal Saveg Hotel. It is just a couple hundred feet farther south. I parked my car in front of my store, told Mr. Hartmann that I would see if I could raise the money, and what not and what all, and he went on toward his hotel. I went into my office—our store was very overcrowded at that time; we moved in the meantime. We had a very small office, and he walked—my desk was setting—this desk would be turned around here, and the door—the entrance was just where that door was, back of it was a filing cabinet, and Charles W. Pipkin, who subsequently was arrested on SEC violation and fined \$500 in Reno, was sitting behind that filing cabinet.

Hartmann walked in, stuck his head into my door, saw me, didn't see Pipkin, and didn't see my bookkeeper, who was in another part of the office, who since has died, and he said to me, "Don't forget, Kaltenborn, when you buy that copper company stock, your income-tax problems are over."

Pipkin spoke up and he said, "Hello, Hartmann. Where the hell have you been?"

Hartmann like to fell through the floor. Pipkin heard him make such a statement.

The CHAIRMAN. Where is he?

Mr. KALTENBORN. He is out in the hall.

So he overheard it, and in his SEC troubles he was convicted of failing to put a few stamps on something, and was fined \$500 by the SEC, when he was in court. He got to popping off and told about this matter, about the attempt to extort this money from me, and the SEC has been trying ever since to get me to testify about this thing. I have refused because I am afraid of the consequences. I am afraid of it now.

Senator WILEY. That is a matter of court record, then?

Mr. KALTENBORN. Oh, yes.

The CHAIRMAN. Did you borrow a lot of money from the Federal Government somewhere?

Mr. KALTENBORN. At the present time I am building some rental property of which the Prudential has bought the paper, and there will be FHA commitments.

The CHAIRMAN. You handled it through the Prudential?

Mr. KALTENBORN. It is only a housing project. The housing project, however, sir, as far as the houses that I am building, which are FHA-financed through the Prudential Life Insurance Co., is a corporation of which I am a part owner. But I am at the present time building four duplexes—I want to correct that, too. These four duplexes I am now building I am financing through the First National Bank.

Mr. RUYMANN. We are interested in who are interested in the corporation.

Mr. KALTENBORN. Tony Tollino.

The CHAIRMAN. What is the name of the corporation?

Mr. KALTENBORN. Paradise Realty Co.

The CHAIRMAN. Are they all good citizens?

Mr. KALTENBORN. There is only one other, Toleo, T-o-l-e-o.

The CHAIRMAN. Is he a good citizen?

Mr. KALTENBORN. He has been a young man that has been in town for years and years and years. May I ask a question, sir, if it is not out of order? Is it improper that I could get an FHA loan?

The CHAIRMAN. I don't think so. It is just my opinion. You are complying with the regulations.

Whatever comes before us, we try to clear up. You are interested in a corporation and borrowing money from the Prudential, which handled the matter through the FHA?

Mr. KALTENBORN. Prudential knows about my income-tax problem. And the local banks know about it.

The CHAIRMAN. Anything else of Mr. Kaltenborn?

Mr. KALTENBORN. The only thing I say to you gentlemen is that the only thing I am reluctant about——

The CHAIRMAN. Sooner or later you will be called on to testify in connection with other matters about this income-tax question, and I would tell the whole story just like you have told us.

Mr. KALTENBORN. What is going to happen when you don't get all the people——

The CHAIRMAN. Well, we will do our best, anyway.

Thank you very much.

(A press conference was held by the committee with members of the press, after which the hearing was adjourned, subject to the call of the chairman.)





# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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THURSDAY, NOVEMBER 16, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

The committee met, pursuant to call of the chairman, at 10 a. m., at the Federal Building, Los Angeles, Calif., Senator Estes Kefauver, chairman, presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel; H. G. Robinson, associate counsel, chief investigator; William G. Ruymann, special counsel; Herbert Van Brunt, special representative; Julius Cahn, administrative assistant to Senator Alexander Wiley.

The CHAIRMAN. Ladies and gentlemen, let us please have seats. The committee will be in order.

The Special Committee To Investigate Crime in Interstate Commerce is very grateful for the hospitality of you good people of Los Angeles and of the west coast. We want to express our appreciation to Marshal Boyle for arranging this hearing room and for many other courtesies that he and other officials of the Federal Government have extended to us.

The members of this committee are Senator Tobey, on my right, from New Hampshire, and Senator Wiley, on my left. I do not mean, by sitting on my left, that he is on the left of the chairman in political philosophy by any means.

Senator WILEY. I hope not.

The CHAIRMAN. If that were the case he might have had difficulty in getting the splendid endorsement of the people of Wisconsin, which he received recently.

Senator WILEY. Once in a while you do have a lucid interval.

The CHAIRMAN. And I do not mean, by Senator Tobey sitting on my right, that he is to the right of the chairman.

The other members of the committee are Senator Hunt, of Wyoming, who is in Europe at the present time, and Senator O'Connor, of Maryland, whose engagements with another committee made it impossible for him to be present here today.

The purpose, as all of you know, of this committee is to investigate organized crime in interstate commerce. That is, the extent to which the vehicle of interstate commerce is being used by Nation-wide criminals, gangsters, and others, to the detriment of American society.

By our appearance here in Los Angeles, we do not mean to imply that this beautiful city is any more crime-ridden than any other

city of large population. Necessarily, a city of this size, with the communications and the transactions that go on here, is the scene of criminal activity of an organized nature from time to time.

It is only the Nation-wide types of criminal activities that this committee is interested in. It is not our province to try to settle and solve local crimes. That is the province of the local people and the local enforcement officers.

I think that every member of this committee feels that law enforcement, like other types of government, is good only if the local people are interested, and it is only successful if you have good local enforcement officers.

In our investigation we are trying to determine what, if any, laws should be properly passed by the Federal Government or whether any present laws should be amended to try to prevent Nation-wide syndicates or organizations from inflicting themselves upon people, and to try to reduce the criminal activity to a local level so that local people can adequately cope with it.

We also want to make it clear that the calling of any witness does not mean that he is implicated in some criminal activity. We call a great many witnesses to give us advice and cooperation, and generally the assistance and help that we have had from local enforcement officers, State, Federal, and county, has been very substantial and most helpful.

I think part of the best work of our committee has been that we have uncovered some things and also that the local people have carried on and cleaned up any situations that existed themselves.

I want to take this opportunity of introducing Senator Tobey, who is not only a splendid statesman but a great philosopher and a believer in good, clean government. Perhaps he will say a few words.

Senator TOBEY. Mr. Chairman, I thank you for this privilege. I am very happy to come out here on the Pacific coast again and I recall, with amused interest today, that a great son of my own State of New Hampshire, the great Daniel Webster, who later became a Senator, standing in the Senate hall one day, cried out, "I wouldn't give a pinch of snuff for all the land west of the Rocky Mountains." Great man that he was, he lacked vision in that respect.

We of this committee are working together, one for all and all for one, in a search for, and we are finding, some of the rats in the midst of democracy. Our work is far from ended. When we get through we think we can take a just and lasting satisfaction in the fact that we have tried earnestly, under God, to make of this Nation a Nation wherein dwelleth righteousness.

The CHAIRMAN. Thank you, Senator.

Senator WILEY, do you have some comment for the press and the radio?

Senator WILEY. Mr. Chairman, after that beautiful introduction of Brother Tobey, I thought you would say something nice about me.

Senator TOBEY. Why don't you speak for yourself, John?

Senator WILEY. It is difficult to say something about oneself, except that I am happy to be here and happy to be back in this fine community.

It is too bad that we are here investigating crime. There is a great deal of good that we might investigate here and I am sure we would find lots of it.

I echo the sentiments of my associates here, that we are not here to try to clean up Los Angeles. We hope, however, that if there is crime of a local nature or of an interstate nature, that our being here will prove a stimulus to the people within this locality to do the job that should be done.

Now, you and I know that cancer in a physical body can destroy the body very quickly. We know that crime in communities like this can destroy the economic and the political and even the religious life of a community. I think all over America we are finding that there is an awakening consciousness of our people to get into politics and to try to clean that situation up, and get into the criminal situation and clean that up.

I was here some 2 years ago and enjoyed my visit here and found a lot of lovely people and very fine people here. All I can say is that I am very happy indeed to be back again.

The CHAIRMAN. Well, as all of you have observed, Senator Tobey and Senator Wiley's statements show the purpose of what this committee hopes to accomplish.

If I did not say something complimentary about Senator Wiley to begin with, you could all tell by the affectionate smile I gave him that I think he is one of the greatest Senators, at least one of the greatest Republican Senators, today.

Senator WILEY. You are all right, thank you.

Senator TOBEY. That is what they call senatorial courtesy.

The CHAIRMAN. Does any member of the press have any question to ask before we get started? We do appreciate your cooperation. I think one of the great things about our committee work has been that the press everywhere has been fearless in exposing to the spotlight of public opinion improper activities that we have uncovered, and that has given the people courage to go on and find the remedy.

MEMBER OF THE PRESS. I had a question, Senator.

Do you have any comment on Governor Warren's crime commission and its work?

The CHAIRMAN. Personally I have not had a chance to read all of the reports of the crime commission. Our committee has followed the work of the California Crime Commission from its inception. We think it is a strong and splendid commission. It has done an excellent service.

We feel that one of the best ways to get at situations locally is by the establishment of crime commissions. We have cooperated with them everywhere we have found that they existed.

Senator WILEY. Did your question imply whether or not we approved of the recent election in this State?

The CHAIRMAN. One Democrat got elected here, I understand.

As to the accusations that have been made against the members of the internal revenue department, that is, of course, a matter that this committee is interested in. We want to get the facts about that, and study the facts very carefully. The accusations are, of course, serious, and after we, at least, get the picture from whatever angles may be presented, giving everyone an opportunity of being heard, we will make some findings and arrive at some conclusions and make some recommendations in the matter.

But, speaking for myself, and I am sure for the other members of the committee here, we think Governor Warren's crime commission has done a splendid job.

Is there anything else?

Mr. HALLEY. There is nothing else, sir.

The CHAIRMAN. I would like to introduce our chief counsel, Mr. Rudolph Halley, who is the spark plug of our staff, and has shown splendid judgment and energy and ingenuity in carrying on the work of this committee.

The chief of our investigative staff is Harold G. Robinson, whom I am sure all of you know and who was formerly with the California Crime Commission, to whom we are indebted for his splendid work.

Also present is Mr. Julius Kahn, who is Senator Wiley's administrative assistant, and who has accompanied the committee on many of its trips for hearings and has been of great service to the committee, almost as great in his service as the Senator himself sometimes while the Senator has been campaigning.

We will have a short intermission at 12:15 and may have some further statement to give you at that time.

We will start our hearing now. It will be an executive hearing this morning and this afternoon, and we may have part of our hearing open tomorrow.

MEMBERS OF THE PRESS. Do you think you will get to Mickey Cohen today?

The CHAIRMAN. Probably not.

Mr. HALLEY. Probably not.

The CHAIRMAN. Probably he will be heard tomorrow.

Mr. STRONG. May he be excused until tomorrow then?

Mr. HALLEY. Yes; until tomorrow morning at 10 o'clock.

The CHAIRMAN. I think we had better start our hearing in the morning at 9:30. He can be excused until tomorrow morning at 9:30.

Mr. STRONG. Thank you, sir.

The CHAIRMAN. Thank you, ladies and gentlemen. We will see some of you at 12:15 this afternoon.

(Whereupon the following proceedings were held in closed executive session.)

#### EXECUTIVE SESSION

The CHAIRMAN. The order of the chairman of the committee, with reference to only one member of the subcommittee being unable to swear witnesses and to take testimony, stands for this hearing. The order was made on yesterday.

Our first witness will be Mr. Jewell.

Mr. Jewell, do you solemnly swear that the testimony you will give before this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. JEWELL. I do.

#### TESTIMONY OF ARTHUR C. JEWELL, UNDER SHERIFF OF LOS ANGELES COUNTY, CALIF.

Mr. HALLEY. What is your full name?

Mr. JEWELL. Arthur C. Jewell.

Mr. HALLEY. What is your occupation?



Mr. JEWELL. For the last 18 years I have been under sheriff of Los Angeles County.

Mr. HALLEY. And do you hold that position today?

Mr. JEWELL. I do, yes.

Mr. HALLEY. Where do you reside?

Mr. JEWELL. 6103 Barrows Drive, Los Angeles 48.

Mr. HALLEY. Would you state the jurisdiction and the duties of the sheriff's office?

Mr. JEWELL. The duties of the sheriff is laid down in the code. He is the chief law-enforcement officer of the county and it takes in the entire county territory, which is some 4,083 square miles, I believe.

Mr. HALLEY. What are the duties of the sheriff?

Mr. JEWELL. To preserve the law; to be an officer of the court; serve all processes handed to him. To form posses in time of need, if there be a time of need to aid the county. He is an officer of the court, as you know, of the superior court of the county.

Mr. HALLEY. Does the jurisdiction of the sheriff extend into the city of Los Angeles?

Mr. JEWELL. It does in the matter of State laws; yes, sir. Of course, as long as the cities have their regular police departments, we do not go in there unless we are asked in. Our duties are practically to police the unincorporated portions of the county. It is a rather large area in this county.

Mr. HALLEY. In the unincorporated areas of the county, do you have full responsibility for law enforcement or are there other law-enforcement agencies which overlap?

Mr. JEWELL. The only other agency there would be, sir, would be the California Highway Patrol, in the matter of the regulation of traffic, and the constables of the various townships within the county, of course.

Mr. HALLEY. Would you give the committee the benefit of your views as to law enforcement in Los Angeles County?

Mr. JEWELL. Well, I believe they are as good as there is anywhere in the United States. Of course, there is no such thing as perfection. I don't think any person, with any intelligence, would say to you there is no crime or anything like that in Los Angeles County. If a statement like that were made, you would know that we were either foolish or asleep or something. I happen to have been a member of the sheriff's office for approximately 40 years; it will be 40 years if I stay until next April, and I know that from the time that I came in, to date, there have always been hues and cries and all that sort of stuff about crime. We have endeavored to do a good job in the sheriff's office of Los Angeles County. I think that the record speaks for itself.

We probably have the largest number of inhabitants in our county jail, in the custody of the sheriff, that any county of the United States may have.

I believe at the present time our count would run approximately 4,000 men and women.

Senator TOBEY. Where is the jail located in the city?

Mr. JEWELL. Right across the street, right across from the Federal Building, at the Hall of Justice. That is our security jail, sir. In addition to that security jail, we have an honor ranch on the ridge route, in Castaic. We have five honor camps in the mountains, with the personnel of those honor camps building roads.

We also have a juvenile center over here with juveniles in what is termed as Biscailuz Center in East Los Angeles.

So our different jails and places like that are scattered in that manner. We wouldn't have a building large enough to accommodate all the prisoners that we have in our county jail.

We also, as you know, are custodians of the Federal prisoners for the marshal and the immigration people. We take a great many of their prisoners over here.

Senator TOBEY. Do you have a State constabulary?

Mr. JEWELL. We have a California Highway Patrol, and their principal duty is to enforce the motor vehicle act on the State roads.

Senator TOBEY. When it comes to the perpetration of a major crime that jurisdiction is vested in the county officials?

Mr. JEWELL. That is right, sir.

Senator WILEY. Except in cases of overt acts of felonies, the sheriff's office has no jurisdiction to go in and interfere with crime, has it?

Mr. JEWELL. Pardon, Senator?

Senator WILEY. Except in overt cases, shootings, or anything like that, the ordinary crime, you do not have any authority, by virtue of being sheriff, that you can go in and interfere?

Mr. JEWELL. You mean the duties of the sheriff? Well, the sheriff has no part in going into any part of his county in case of a crime, as such.

Senator WILEY. Except in cases of felonies?

Mr. JEWELL. Felonies, that is right, sir.

Senator WILEY. You would have to have a warrant to arrest in ordinary misdemeanor cases? That is what I am principally talking about. Is that right?

Mr. JEWELL. Unless you see it yourself. The law is plain on that all over the United States.

Senator WILEY. I suppose what we are interested in here is the different phases of gambling and things like that, which I take it Mr. Halley will be getting around to.

How many prisoners do you have all together in the county?

Mr. JEWELL. At the present time around 4,000. I didn't get the exact count this morning.

Senator WILEY. And what is your population of the county?

Mr. JEWELL. About 4½ million, sir.

Senator WILEY. What about the State laws here in relation to gambling?

Mr. JEWELL. Well, we enforce them. We have a vice squad consisting of 17 men for a territory as big as Los Angeles County is. They are on two shifts. They work overtime, which they do many times, and then they are entitled to time off. They are on a 44-hour-week basis and that is what they are paid for under the law. I think we are doing a mighty good job, considering the force we have and the population in the county itself.

Senator TOBEY. Are there any gambling houses running open today in Los Angeles County?

Mr. JEWELL. Not that I know of.

Senator TOBEY. If you knew of them you would close them up and arrest the perpetrators?

Mr. JEWELL. That is right.

Senator WILEY. If you could get it, of course.

Mr. JEWELL. You have to get in to get the evidence; you all know that. You are an attorney, Senator, and you know that, sir.

Senator WILEY. That is what I am getting at. Is it the function of the vice squad under the jurisdiction of the sheriff, to ferret out these things?

Mr. JEWELL. We do, sir, and that is our business. We get a lot of information. You gentlemen know, and I don't have to tell you that, that a police department or a sheriff's office is just as good as its informants and information. It would be utterly impossible to hire that many men and women to get out and watch every angle of that aspect in a county as large as this, and be able to be there when a crime is committed and say, "Stop." It couldn't be done. That is what ruined national prohibition, because it was impossible for the forces of the Federal Government to have these people all over to enforce that law.

Senator WILEY. How would you characterize or how would you designate racketeering in the county?

Mr. JEWELL. Well, racketeering in the county, I don't think there is very much of it. We have had, certainly, some characters here that have been accused of racketeering and gangster methods, but I know that we have done everything we could do. We have a patrol, a gangster patrol, that goes around the county in various places and watches the activities of these known people who we believe may be connected with rackets. We have watched them very carefully. We have a daily report on their activities, but we have yet failed—I should say we have not failed, except for one or two instances, to find these people where we get the proper evidence, to arrest them and prosecute them.

Senator WILEY. Have any of your businessmen been shaken down by anyone?

Mr. JEWELL. I have never heard that, sir. I think, as far as I know, and I think probably the chief of the largest police department in the county of Los Angeles can tell you that, that I don't know of any instance where the businessmen have been shaken down and made to pay tribute to anyone. It hasn't come to my attention, at least, and I think the records will bear that out. I know not in recent years, anyhow, if that ever has been the case.

Senator WILEY. This is a rather personal question, Sheriff. How about the character of the law-enforcement officials?

Mr. JEWELL. Of Los Angeles County?

Senator WILEY. Yes.

Mr. JEWELL. Excluding myself, sir, I will say they are fine. I don't believe anywhere in the United States, where you gentlemen may travel, that you will find a higher caliber of men and women in law enforcement than you find here.

In the first place, since civil service went into effect, and that was about 1913, sir, when the county charter went in, as far as the county is concerned, and they used to be appointed by the elected sheriff. They called it the spoils system. I am a product of that.

I was appointed first and inherited civil service. I think the sheriff or sheriffs then tried to pick men of pretty high caliber. We had no women deputies then, because it was to his advantage. If he took



people in there who weren't beyond reproach in the community, he wouldn't have lasted very long.

Now, since civil service, they are supposed to have a high-school education or its equivalent. They are supposed to be of the age of 23, originally; now it is down to 21. They had to bear a fine reputation in the community. They were fingerprinted and those fingerprints went through to the Federal Bureau of Investigation.

Senator WILEY. Your judgment relates not only to the sheriff's officials but also to the police officials?

Mr. JEWELL. Absolutely. I don't think there is a finer police department in the country than the Los Angeles Police Department.

Mr. HALLEY. Do you feel that you have a sufficiently large force of men?

Mr. JEWELL. No, I do not, sir, and I think that everyone will tell you that same thing, every director of law enforcement will tell you the same thing; they never feel that they have a sufficient number of men.

Now, we have a large county here and we were compelled to put on a one-man radio car in the daytime for the matter of economy, sir. We do not think it was fair, because somewhere in the outlying stations, through the Ridge Route and the desert country out there, if one man gets out and he is, perhaps, 15 or 20 miles from his station and he has a two-way radio, of course, that would be better, but he is there alone. If anything happens he hasn't got a chance in the world, you know, to get word to anyone. That is true down around the Roosevelt Highway going way down yonder from Los Angeles city limits to the Ventura County line.

Our county is growing incessantly and new people are coming in. We haven't the opportunity here, either the sheriff's office or the police department, the police department of this city, because it is the biggest one, to investigate people moving into neighborhoods.

I was raised in the town of Buffalo in western New York. There I know exactly how they used to do police work in those days. They had what they called precinct detectives. They made it their business to go around to the various precincts to get acquainted with the new people moving in and finding out something about them. They would learn all these things. At that time, when I was there, we had a better opportunity of knowing people. Of course, we didn't have the congestion of population that we have today, but I think in those days the police department was cognizant of all the people that came into the community. In a very short time they found out all about them, where they came from, and something about their backgrounds.

It is impossible to do it here. They are moving all the time. I came out to California, after I had been in the Spanish-American War, and then went back East and came back here again about the time of the fire in San Francisco. Then I came down to Los Angeles. I have seen this little place grow, in the 45 or 46 years that I have been here, from a little pueblo to a big city.

Mr. HALLEY. Can we presume that with that growth there came an influx of gangsters from other parts of the country?

Mr. JEWELL. Naturally. Then, if you know, as a lawyer, sir; what they call attractive nuisance, that is something else that has to be met. In the old days they had their problem too, but not to any great extent. It is true that in New York City and in Chicago, they have their con-



fidence people for the purpose of creating crime, and so forth. Now, we have attractive nuisances here. We have some of the wealthiest people in the country living out here. We have the large motion-picture industry, which I have had the pleasure of seeing grow from a very small beginning. Then we have retired men from the Army, Navy, Marine Corps, business people, and so forth.

Naturally, this is a fertile field for people who want to be confidence people and things of that sort. The motion pictures have attracted a lot of fine folks.

Mr. HALLEY. Turning your attention to the people who have been engaged in racketeering activities on a large scale, would you name the people who in recent years have been engaged most seriously in such operations?

Mr. JEWELL. I couldn't be able to give you the names of these people today; I couldn't even begin with that. There have been a lot of folks that have been accused of many things, but they have been arrested and tried many times, but never have been convicted in our courts.

Mr. HALLEY. Would you say that today there are or are not operating in your county any racketeers engaged in illegal operations on a large scale?

Mr. JEWELL. On a large scale, I would say yes.

Mr. HALLEY. You would say there are?

Mr. JEWELL. No, I would say there are not, but I would say on a small scale there always will be a certain form of racket, as you know them; there will always be a certain kind of people who will commit burglaries and robberies, writing phony checks and things like that. We are never going to eliminate that. I don't know of any syndicates or I don't know of anyone directing the large operations.

Mr. HALLEY. What is the situation with respect to gambling?

Mr. JEWELL. Gambling, as far as gambling goes, we check them up occasionally, but there are no gambling houses here that I know anything about. If there were we would eliminate them. They have these little spots, you know. They give out notice to their clients and they get down to these one-night stands. We know that. You know, as a lawyer, unless you get there and get some of the evidence, you can't prosecute them in court.

Mr. HALLEY. Bearing in mind the problems of catching these people and convicting them, you are able to state from your general knowledge of your jurisdiction whether bookmaking and gambling on a large scale has been carried out?

Mr. JEWELL. There have been lots of bookmakers around. There are all kinds of bookmakers. There are those established in a place and they have telephones and their runners and all that sort of stuff. Then there is the curbstone bookmaker and the kind of bookmaker that takes little bets in barber shops, cocktail bars, beauty parlors, and so on. We have arrested many, many bookmakers.

Mr. HALLEY. Who have been the people engaged in the largest operations of which you have had cognizance?

Mr. JEWELL. We have never been able yet to determine, that I know of, any syndicate or any leader thereof.

Mr. HALLEY. Have you been able to determine whether any person or group of persons have made their living, at least in part, by collecting moneys from gamblers for either information or protection or any other purpose?

Mr. JEWELL. The only thing I know of there, sir, is that I have heard of these things but I don't know of any specific instance myself; none.

Mr. HALLEY. Do you recall the Guarantee Finance Co.?

Mr. JEWELL. Yes; I know about that, sir. I never knew the Guarantee Finance was in existence, nor neither did the sheriff, until the State come and took it over.

Mr. HALLEY. It was actually discovered by the California Crime Commission, was it not?

Mr. JEWELL. I understand that they probably discovered it, first, sir. If I remember rightly, it was the corporation commissioner who went in there and closed the place up.

Senator TOBEY. After they discovered it?

Mr. JEWELL. After it was discovered.

Senator TOBEY. Therefore the credit goes to the California Crime Commission?

Mr. JEWELL. That is right.

Senator TOBEY. And then the other law-enforcement officials followed their path?

The CHAIRMAN. Was that in the city or in the county?

Mr. JEWELL. Just over the line.

The CHAIRMAN. How did you miss knowing about it?

Mr. JEWELL. I wouldn't know about it any more than any other corporation just doing business under a license with the State.

The CHAIRMAN. Certainly with the number of bookmakers and the wire service coming in, you should have known something about it?

Mr. JEWELL. I understand our vice detail had knowledge that something was wrong and they were working on the thing in conjunction or with knowledge of the crime commission's investigator at that time. I know of cases where they followed many agents from this place and made arrests; I know that. I think the record will show the number of arrests they made of the people doing business outside of that. I think they covered the place pretty well. I understand they even had someone watch the thing there and called up these telephones, called to these phones from time to time, to find out if they were active.

Mr. HALLEY. Sheriff, can you state whether or not it is the fact that a bookmaking operation such as the Guarantee Finance, in particular, being located just outside of the city limits and being of common knowledge, that law enforcement is laxer in the county than in the city?

Mr. JEWELL. I don't think that is so. May I interrupt to say this: We haven't got the personnel for the large territory that we have to cover. The city has a large territory too, but we haven't the personnel. Now, when you figure at the time that Guarantee Finance was going on, I think our vice detail at that time amounted to 15 persons for a county as large as this, I know they have been doing a very good job. All I know is the reports they give to me. I never went out and did any field work in my life in vice. I have to depend solely on those who are working directly under the sheriff to do a good job and do an honest job. Now, they made the reports of their activities and of those that we arrested.

We have, as I said, a gangster squad that goes out and prowls around the county, and they make a report stating what they have done and seen and this and that and the other thing.

Mr. HALLEY. Have you had occasion to remove any of your deputies for malfeasance of office?

Mr. JEWELL. Malfeasance in office?

Mr. HALLEY. Yes.

Mr. JEWELL. You mean for accepting emoluments or anything else?

Mr. HALLEY. For any cause whatsoever.

Mr. JEWELL. I don't know that we have removed them from office. We have made transfers from time to time, the sheriff has, of his personnel. That has been a matter that we have done for years and years. I don't remove anybody. I don't have the recollection of removing anyone except that we let a person go a couple of weeks ago and that was because he abused one of our citizens and attacked him without provocation. We got him discharged. He was tried before the civil service commission.

Mr. HALLEY. Returning to this Guarantee Finance case, did your office participate in the raid on the Guarantee Finance?

Mr. JEWELL. I don't believe so, sir.

Mr. HALLEY. It is my understanding that a Mr. Harold Robinson, chief investigator for the California Crime Commission, telephoned the sheriff's office and I believe spoke to you.

Mr. JEWELL. No, he didn't; he spoke to the sheriff, I believe.

Mr. HALLEY. And invited the sheriff to participate in that raid?

Mr. JEWELL. I don't know whether he telephoned or whether he came to the office personally. The sheriff called up the vice detail. Carl Pearson was the captain at that time, and he went down there. I understand that it wasn't handled the way it should have been. Now, if he would have come to me, I can tell you now what I would have done, and if the investigator had told me who he was I can tell you what I would have done. I wouldn't have said anything. I would have gotten on the phone and called the vice detail and I would have said, "This is Mr. Robinson of the Crime Commission. He wants your services." I wouldn't even have told them where he wanted them to go. I knew nothing about it personally until after the whole thing had happened. I think Mr. Robinson can tell you that he never talked to me.

Mr. ROBINSON. That is correct, sir.

Senator TOBEY. What happened when the sheriff was notified?

Mr. JEWELL. As I understood the thing, sir, he merely called up the captain of the vice detail and sent, I think, Mr. Robinson down to him.

Am I right about that?

Mr. ROBINSON. We called Sheriff Biscailuz and advised him of the fact that the corporation commissioner was moving in on the place at 10 o'clock the next morning and thought it would be advisable if he had a man there. Nobody appeared. When, after the corporation commissioner or commission had gained access to the premises and it was found to be a very extensive bookmaking outfit, I personally again called the sheriff about 3 o'clock in the afternoon and explained to him that we, as the crime commission, were not an action agency. The corporation commissioner's jurisdiction was only confined to the loan agency premises downstairs. I told him it would be most advisable to have an enforcement official gain access to the big telephone room upstairs. The sheriff asked that I talk to Captain Pearson of



the vice detail, and I again recounted what had been found. Captain Pearson replied that all I had established was that there had been bookmaking, and that I couldn't then establish that bookmaking was being conducted, such as would give him the right of making a forced entry into the premises, and that he did not want to get into any complications over the thing. So the representatives of the sheriff's office did not appear on the day of the Guarantee Finance raid, when it was raided.

The CHAIRMAN. When was this Guarantee Finance raid conducted?

Mr. ROBINSON. January 27, 1948.

Senator TOBEY. You testified in the earlier part of your remarks, you made the statement, dogmatically, that everyone here knew that the greatest aid to the discovery of crime was to the extent and the value of the information which was in the hands of the authorities. I wonder if you wouldn't amend that and put even more important than that is the definite purpose and the indefatigable will to uncover crime wherever it exists. Isn't that more important than even your information, the indefatigable will to uncover crime wherever it exists? That is the fundamental that you build up from. That is basic and fundamental, and you have to build up from there. First you have to have the will to uncover crime, Sheriff.

Mr. JEWELL. Yes, that is right.

Mr. HALLEY. I take it, had you been in charge, you would have acted differently.

Mr. JEWELL. I would have done that, sir. If Mr. Robinson had brought it to my attention that he wanted help, I would have given him help. I would never have told that help what they were going to do. He represented the crime commission of the State of California, with the sovereign power of the State. I wouldn't have hesitated at all. I have nothing to conceal nor has anyone had anything to conceal on this matter.

Mr. HALLEY. It would appear, undoubtedly, that Mr. Robinson should have telephoned the sheriff in the first instance rather than you; the sheriff was the one to call, was he not?

Mr. JEWELL. That is probably right. The sheriff did what he thought was right. He just transferred the call over, because it was bookmaking and things of that sort. He referred them over to his vice detail.

The CHAIRMAN. Mr. Jewell, isn't it well known that the attorney general of your State, Mr. Houser, had been protecting the Guarantee Finance Co. and other bookmaking operations for a long time?

Mr. JEWELL. Only hearsay is what I know, sir.

The CHAIRMAN. You are a professional officer and you should know.

Mr. JEWELL. I only know from hearsay. I don't know Mr. Houser personally, that he has personally protected anyone for doing a wrong thing.

Senator TOBEY. Do you think that Houser is an honest man?

Mr. JEWELL. I am not going to express an opinion on that.

Senator TOBEY. You can speak freely here.

Mr. JEWELL. I don't know. As far as I know, he has been the district attorney of Los Angeles County and the attorney general for the State of California. I have heard many, many things, but as far as my dealings with him are concerned, I just couldn't say.



Senator TOBEY. Your expression doesn't amount to a damn, sheriff.

Mr. JEWELL. I will say I do not know of an instance where he did a dishonest thing. I can say that truthfully.

Senator TOBEY. He is out now, isn't he?

Mr. JEWELL. He got defeated.

Senator TOBEY. Shakespeare wrote in one of his plays, "For which relief much thanks."

Mr. HALLEY. In any event, you cannot make the same statement of Attorney General Howser's deputies, can you?

Mr. JEWELL. I don't know all his deputies.

Mr. HALLEY. At least one was convicted, was he not?

Mr. JEWELL. I know a lot of them who are decent fellows. I know Kenny Lynch, whom I have known for a long time. Mr. Mattoon was up in his office, and his reputation goes beyond reproach, and there are many others. I don't know all of his deputies. I know one of the last ones he appointed up there was Mike Reardon, former chief of police of the city and county of San Francisco.

Mr. HALLEY. Do you know any of the deputies about whom you cannot say something good?

Mr. JEWELL. No.

Mr. HALLEY. Were any of them ever convicted of crimes?

Mr. JEWELL. Not to my knowledge. I understand some of his investigators were convicted. I understand they were convicted of soliciting in Mendocino County. Sheriff Broadus is the man who made the arrest. They were convicted, two of his people, who were investigators in his office.

Mr. HALLEY. They were actually convicted, were they not?

Mr. JEWELL. I understand so, yes.

Mr. HALLEY. For bribery?

Mr. JEWELL. For bribery or something else.

Mr. ROBINSON. Mr. Jewell, I just want to clarify my previous remarks. Was an investigation conducted by your office of a deputy sheriff who did appear on the premises of the Guarantee Finance Co., not knowing that the corporation commissioner's men were there, and asked "if the smoke had blown over yet"?

Mr. JEWELL. I remember that.

Mr. ROBINSON. Did your office take action on that?

The CHAIRMAN. Repeat that again, if you will.

Mr. ROBINSON. He was a deputy from the Firestone Station.

The CHAIRMAN. What was his name?

Mr. ROBINSON. The name has escaped me at the moment. He came into the premises of the Guarantee Finance sometime in the afternoon, and not knowing the presence of the officers from the corporation commissioner's office, who were over behind a partition, he asked the bookkeeper of the Guarantee Finance Co. if the smoke had blown over yet.

The CHAIRMAN. Is that right, Mr. Jewell?

Mr. JEWELL. That is quite right, sir. We went into that as soon as we found out about it. We found out the man was a member of the Firestone Station. So you gentlemen will understand this, every year the Sheriff's Association of Los Angeles County puts on a rodeo and we sell tickets to it. So the men in the various districts go out and sell tickets. This fellow had a certain clientele out there that he sold tickets to.

The CHAIRMAN. What is this individual's name that we are talking about?

Mr. JEWELL. I will have to get that from the office; I don't remember.

So we investigated that and found out that, yes, he went out there, as he had year after year, selling tickets. The first time he went in there apparently the corporation commissioner went in and had taken over. So he beat it out. He always went out there in uniform, as they do in other organizations that sell tickets for benefits, you know, for police or firemen benefits, so the next day on the way out he was back there again. He probably made this remark that Mr. Robinson has stated. I know he must have because I heard that. That fellow, really, was just as innocent of any wrongdoing or any thought of anything being wrong as you gentlemen here are.

The CHAIRMAN. Supposing we ask you to give his name and have him come in.

Mr. JEWELL. I will be glad to do that.

The CHAIRMAN. Was he fired, or what happened to him?

Mr. JEWELL. Oh, no; he didn't do anything wrong.

The CHAIRMAN. What did he mean by, "Has the smoke cleared up yet?"

Mr. JEWELL. I don't know what he meant by that, sir, but he certainly did no wrong there as we could see it.

The CHAIRMAN. If that isn't wrong, I don't know what is, wanting to know if the smoke had cleared yet. If a deputy sheriff comes into a bookmaking place and asks if the smoke has cleared out yet, don't you think something is wrong there? If he didn't know what that meant, then he is too dumb to be an officer, and if he did know he should have been fired.

Senator TOBEY. He knew it was a bookmaking place.

Mr. JEWELL. I don't think he knew that.

Senator TOBEY. What did he think, that it was a Sunday school?

Mr. JEWELL. He knew there was some trouble down there. He knew that the corporation commissioner and someone else had taken those people over. He knew that, no doubt, but he probably didn't know any reason why they were doing it and he merely asked that one dumb question. When he saw a thing of that sort he shouldn't have gone back there again. Those people doing things like that, they are wrong, and we don't want that kind of patronage anyhow for the Sheriff's Relief Association, and I for one wouldn't have gone there if I were selling tickets. If I thought it was a legitimate business I wouldn't have hesitated going in there.

The CHAIRMAN. If you thought it was a legitimate business you wouldn't hesitate to go in there. If you thought it was an illegitimate business, then what?

Mr. JEWELL. If it was illegitimate, and if we had any proof of that, we would have taken some action. If I thought it was a shady place, something shady along the line where they may want to come back and ask for favors because they bought a dollar ticket or a \$2 ticket to a rodeo, I wouldn't want to do business with them, or neither would you.

The CHAIRMAN. From your testimony, it looks like you would just shy away from a place because you thought it might be a shady

business and you would not want to sell them a ticket. If you thought it was shady you ought to go in and clean it up and not sell tickets to them.

Senator WILEY. Isn't it clear in your mind, sheriff, that a member of your force knew what was going on in this place?

Mr. JEWELL. There was a suspicion going on, but they couldn't get any evidence, as I understand it, from the reports on that from the people that we had to depend upon to get this information.

Senator WILEY. I mean this chap that went in there making that crack. He knew something had happened, didn't he? It just isn't common sense to imply that he didn't know what was going on.

Mr. JEWELL. Well, one would think that. If I had gone in there, and had I known about these people and all that, then I would say the same thing as you have. I would say this man must have had some knowledge or something or he wouldn't have made that kind of a crack.

Mr. ROBINSON. Did it subsequently develop that other officers of your officer the sheriff's office, had made loans at the Guarantee Finance?

Mr. JEWELL. It came out in the paper that some had made loans in that company. Until they were discovered as to what they really were and what they were organized for, I think the people doing business with them would have more right to suspicion than any other company making loans.

Mr. HALLEY. Would you have any doubt that your deputy or deputies going into that building would not, at least have reason to be suspicious of the operation there?

Mr. JEWELL. I have never been inside of the place myself, but people tell me that if you went into that business, when they were doing business before the matter happened, that it would be like going into any other business where they are making loans, either on automobiles or on furniture or real estate or whatever it may be. There was nothing to indicate outwardly that you were going into a place where upstairs they had some bookmaking contrivances going on, or anything else.

Mr. HALLEY. You yourself said you thought this particular deputy, who asked if the smoke had blown over, had reason to be suspicious.

Mr. JEWELL. As I understand it, he went in the day when Mr. Robinson and the corporation commissioner's men went in. He then backed out, and why he came back there the next day I don't know. I don't think the man had any intent of doing any wrong or had any guilty knowledge of anything.

Mr. HALLEY. Did he at that time, or at any other time, ever file any complaint with your office or report to your office indicating that the Guarantee Finance Co. should be investigated?

Mr. JEWELL. Not to my knowledge, sir.

Mr. HALLEY. Your office never did investigate that company in any way, did they?

Mr. JEWELL. Oh, yes. We had been watching it, and Captain Pearson and his investigators had been watching it, for pretty near a year, and we had men down there, following the cars that left there. That is why we had been able to knock over some of these little bookmaking places in the various parts of the county.



The CHAIRMAN. Then you knew it was a bookmaking operation because you knocked over some of these little fellows out there. When Mr. Robinson asked the help of the sheriff's office to come down and have a representative, you didn't even send anybody down, did you?

Mr. JEWELL. I knew nothing about that.

The CHAIRMAN. I am not talking about you, personally, but the sheriff's office.

Mr. JEWELL. I understand my chief, Gene Biscailuz, probably did the thing he thought was right to do, and to refer them to the vice detail. If the captain over there handled the thing wrongly, that is one of those unfortunate things. I know if he came to me, sir, and if you were in the same position that Mr. Robinson was in, I wouldn't hesitate to give you exactly what you wanted. That is all I can really say, sir.

Senator WILEY. How many more industries or businesses have moved out of the city into the county to operate like that?

Mr. JEWELL. I don't know, sir. I don't know of any of them that actually did that for that purpose.

Senator WILEY. Did it ever occur to you that there was anything suspicious about the fact that, even if they were legitimate, they should leave the boundaries of the City of Los Angeles and go out into the county?

Mr. JEWELL. There is one thing they do that for; they get out of a city tax and they do sometimes establish corporations in an unincorporated part of the county to have one direct tax. They do it for that purpose, and not because they expect to get by with anything.

Mr. HALLEY. Sheriff, prior to the raid conducted by the California Crime Commission and the corporation commissioner's office, had not the city police department attempted to take some steps with regard to the Guarantee Finance Co.?

Mr. JEWELL. All I know about that, sir, is what the record shows, and about the lieutenant.

Mr. HALLEY. Lieutenant Fiske?

Mr. JEWELL. I think that is the name. He went out there and got into the place and found these telephones and so forth. I understood, then, that he notified our vice detail, and I understand from Pearson he notified Pearson and others there that they were working on the thing, trying to garner the evidence to get them. If we could have made a case there, that would have been another matter; that would have been a conspiracy matter and it would have been a felony. Then they could probably have prosecuted them along that line.

The CHAIRMAN. You mean that some member of your department was in there and saw the telephones and the books? That a member of your department really went over there?

Mr. JEWELL. Yes; but the telephones themselves are not sufficient cause, unless they are in use and you get the markers and the bets and so forth.

Mr. ROBINSON. Senator, may I explain on the record—

The CHAIRMAN. What is the name of this officer who was in there and saw that?

Mr. ROBINSON. We just got the badge number.

Mr. JEWELL. That is Lieutenant Fiske.

Mr. ROBINSON. May I explain that situation?



The CHAIRMAN. Yes.

Mr. ROBINSON. Lieutenant James Fiske, of the Los Angeles Police Department, is in charge of bookmaking investigation. He was constantly being harassed by the runners operating within the city limits and phoning their bets back to this telephone headquarters known as the Guarantee Finance Co. Lieutenant Fiske went out of the city limits, went up through a skylight and down into that telephone room. He was out of his jurisdiction, and did not make any arrests, but did tear up all of the markers so that they were at a loss how to settle their bets for that particular day. I think he did that on two occasions. That action on his part was productive of a letter from Captain Al Guasti of the sheriff's office, directed to Assistant Chief of Police Joe Reed, asking that the police officers stay out of the county territory.

The CHAIRMAN. Productive of a letter from whom?

Mr. ROBINSON. From Al Guasti. He is a captain in the sheriff's department and is head of the antisubversive division, I believe.

The CHAIRMAN. The letter is to whom?

Mr. ROBINSON. To Joe Reed. We attempted to find the letter, and Lieutenant Fiske told us he had it among some personal papers of his, but could not locate it.

The CHAIRMAN. Do you know that to be true, Mr. Jewell?

Mr. JEWELL. No; I have heard that, sir. The sheriff asked Al Guasti if he ever wrote such a letter, and he denies it. I think he also spoke to Assistant Chief of Police Joe Reed, and he denied ever receiving such a letter. That is all I know about it. Personally, I never had anything to do with it directly or indirectly.

Senator WILEY. What is the approximate date of that letter in relation to the time of the raid?

Mr. JEWELL. It must have been prior to the time the corporation commissioner's men came over.

Mr. HALLEY. Captain Jewell, first I would like to establish some of these dates, and to do it I think we better correct the record. The raid was January 13, 1949.

Mr. JEWELL. 1949, was it?

Mr. HALLEY. Yes. The letter that Captain Guasti wrote to the police department about Lieutenant Fiske apparently was written in the summer of 1948; is that not so?

Mr. JEWELL. No, sir; I can't remember it. I will have to go by memory. I thought this raid was in 1948.

Mr. HALLEY. It certainly was many months before the actual raid, was it not?

Mr. JEWELL. Oh, yes; there is no question about that.

Mr. HALLEY. That Lieutenant Fiske was actually in there and saw these telephones?

Mr. JEWELL. He so stated that.

Mr. HALLEY. He asked your office to take action and you did not take any action?

Mr. ROBINSON. He simply got scolded for what he did. I think the report will indicate that countless numbers of telephone reports were made.

Mr. HALLEY. Do you know about that, Commissioner Parker? Did the police department ever ask the sheriff's office to help out on anything?

Chief PARKER. I recall that Fiske brought some records in from the Guarantee Finance Co. and was told to take them back. I don't know what the communications were between the sheriff and the assistant chief of the Los Angeles police department at that time.

Mr. HALLEY. At least, as early as August of 1948, the crime commission did ask the sheriff's office to take action, isn't that so?

I will read from the report:

In August of 1948, reports coming to the attention of this commission confirmed the extent of the bookmaking activities at the Florence address.

Then it goes on to state:

A letter was addressed by the commission to the sheriff's office that month, directing attention to these activities and forwarding copies of anonymous communications that had been received by the commission, concerning the nature of the Finance Co. business. The sheriff's office subsequently responded that the activities of the Florence Avenue address were confined to distributing scratch sheets and other accessories used in bookmaking and that there appeared to be no violation of law upon which action could be taken.

Is that the fact, Mr. Robinson?

Mr. ROBINSON. That is the fact.

Mr. HALLEY. In addition to that, is it not the fact, Captain, that the telephone company made a number of complaints to the sheriff's office, pointing out that these bookmakers were using telephone service that should have been given to legitimate subscribers?

Mr. JEWELL. I don't believe, sir, that is the truth, as I understand it; at least, not to my personal knowledge. I have asked about that, and they tell me, our vice detail tells me they had the help and the cooperation of the telephone company to notify them that they used those phones for illegal purposes.

Mr. HALLEY. Here is what the crime commission said in its third progress report, dated January 31, 1950:

The special crime commission has in its possession six reports sent to Captain Pearson, Los Angeles sheriff's office, by the telephone company, telling him bookmaking was being conducted at the Whittier Boulevard address. These reports to Pearson, which began in August of 1947—

which would be a year and a half prior to the raid—

had no apparent results.

Then there is quoted in the report a letter, and I would like to read this into the record for the committee, one of these letters to Captain Pearson, which reads as follows:

#### SHERIFF CASE 1143

LOS ANGELES, November 17, 1948.

C. P. PETERS,

*Chief Special Agent, Los Angeles, Room 1261:*

Information has been received indicating that the telephone service listed below is being used for illegal bookmaking purposes. While there may be reasonable doubt as to the alleged unlawful use of the service, this information is being given to you in accordance with the provisions of System Instructions No. 44. Report submitted by Mr. McFadden. November 16, 1948. Address 3972 Whittier Boulevard.

Date installed: July 22, 1948.

The following facts have been reported:

This location is next door to our public office on Whittier Boulevard. It was reported on December 17, 1947, when Mr. Bragg had a single line AN0800 (case 765).

Did you know a Mr. Bragg?

Mr. JEWELL. They may know about Mr. Bragg in the office, but I don't know him personally.

Mr. HALLEY. Then it goes on to report the following facts:

It was reported again when the service was changed to rotary under AN3-6198 (case 1045).

Installer stated definitely bookmaking. Manager feels it is not helping our public relations in that district to have a bookie next door to office where we take applications for service. Too many people, who are unable to get a telephone, call attention to the fact that the bookie can get telephones, why can't we.

Signed: G. R. Nichol for general sales manager.

Action taken: Given to Captain Pearson, November 19, approximately 9:15 a. m.

Senator TOBEY. Is Pearson still with the department?

Mr. JEWELL. Yes, sir.

Senator TOBEY. Why?

Mr. JEWELL. Because there is nothing that we know about that man.

Senator TOBEY. There it is right there. You knew about that, didn't you?

Mr. JEWELL. Yes.

Senator TOBEY. Didn't you even slap his wrist? What have you done?

Mr. JEWELL. Not a thing in the world.

Senator TOBEY. Then I don't think you are fit to be deputy under sheriff, in my judgment. I think you are a dead one, as far as a police official goes. If I were a citizen of Los Angeles I would rise up and call out, "Unclean, unclean."

The CHAIRMAN. May I ask, is there somebody in the sheriff's office, a captain or someone, who was operating with Mickey Cohen as a partner or something like that around Sacramento?

Mr. ROBINSON. I think in the transcript of the microphone recordings taken in Mickey Cohen's living room, there was discussion in which he said, the party speaking said, "Guasti has a piece of the gambling plant in Burbank."

I think Sheriff Biscailuz, when that testimony came out, when that transcript came out, stated it was undoubtedly another Guasti that was referred to.

The CHAIRMAN. That is the head of the detective squad, is it?

Mr. JEWELL. He is in charge of the antisubversive squad, sir.

The CHAIRMAN. Is that Capt. Al Guasti?

Mr. JEWELL. Yes.

The CHAIRMAN. Who was it that called Cohen or said that?

Mr. ROBINSON. There was a microphone operating in Mickey Cohen's living room for a matter of a year and a half. Suddenly the transcript of the listening post on that microphone got in the hands of the newspapers and was pretty well publicized. That is an excerpt from that microphone recording.

The CHAIRMAN. Mickey Cohen said that?

Mr. ROBINSON. As I recall it, it was Curley Robinson who was seated in the living room of Mickey Cohen's home, or, at least, a voice identified as Curley Robinson's.

The CHAIRMAN. That said that Guasti had a piece of a place where?

Mr. ROBINSON. In Burbank. That can be identified as the Dincara stock farm.



Mr. HALLEY. Captain, bearing in mind all of the facts which have been related here, all the complaints in writing by the telephone company, the complaints by the Los Angeles city police, the statements made by your deputy when he found the raid in progress, about whether the smoke had cleared or not; the failure of your office to take any action, the fact that your deputy went into that place, allegedly to sell a ticket, during a period when you say your office was investigating this place, would you say that your office had performed its duty with relation to the Guarantee Finance Co.?

Mr. JEWELL. Well, from the evidence that they had at that time, I think I could say "yes." They have given me the truth about the matter, and all I know is what they have given me on the report. I have no personal knowledge of anything of that sort except what I know from the reports and what I have heard.

Mr. HALLEY. You never worked on the case?

Mr. JEWELL. Never in my life, sir.

Mr. HALLEY. Did you ever direct the work on the case?

Mr. JEWELL. No.

Mr. HALLEY. Did you ever receive reports of the work in progress?

Mr. JEWELL. Yes; I have. They send a report in every month, the vice detail, and the narcotic detail, to the sheriff and a copy to me. I read them.

Mr. HALLEY. During that period of time, did you ever call the people in charge of that investigation before you and insist on action?

Mr. JEWELL. Yes; I did; and I also talked to Pearson at that time and he told me that he had had cooperation. He was working with the telephone company. They were working, assisting him, trying to get this evidence. Now, that is what he told me. That is all I know about the thing. He called the folks and had talks with them. I think the investigators of the grand jury had talks, and I think they went before the grand jury and told all these things.

Mr. HALLEY. But nothing happened?

Mr. JEWELL. Not a thing has happened; no.

Mr. HALLEY. Why is it that the California Crime Commission was able to get the evidence, which you, the sheriff in your own county, were not able to get?

Mr. JEWELL. They were able to get the evidence, sir, that would stand up in court.

Mr. HALLEY. Didn't they get that evidence?

Mr. JEWELL. Yes. That matter of the Guarantee Finance Co., they went through court and they are now appealing it. They didn't get convicted for bookmaking. There is a matter there that at the present time it is on appeal, as I understand the thing. What the upper court may do to the thing I don't know.

Mr. HALLEY. Is it your position that they should not have raided that place and put it out of business?

Mr. JEWELL. They should have done it, with all that evidence there; yes. As I said a little while ago, and I will repeat, if Mr. Robinson had got in touch with me and asked for men, I would have sent them to him.

Mr. HALLEY. If the lieutenant of the Los Angeles Police Department was able to go through a skylight and actually find tickets of book-making operations, which is certainly first-class evidence of bookmak-



ing, on two occasions, why couldn't one of your deputies get in there and do the same thing?

Mr. JEWELL. I don't know, sir. I understand in the report that the captain of the vice detail submitted to the sheriff, if my recollection is correct, that he stated there that his men had gotten in there, but found these telephones, I think, 18 or 19 of them—I am not sure which—but they found no evidence of an operation and they found no evidence of bookmaking in this particular room where these phones were at. I understand they got in the same way that Fiske said he got in there, through the skylight.

Mr. HALLEY. Of course, if the reference is made by the phone company and by the crime commission, then, perhaps, every citizen in the county or many of them were aware of the fact that bookmaking was going on and could tie the bookmaking to these telephones; isn't that so?

Mr. JEWELL. There is no evidence that came to our office that I understand of that nature.

Mr. HALLEY. When your men found telephones in that office, did they make any attempt to get in touch with the Los Angeles Police Department and see whether the evidence of the telephones could be tied into evidence that the police department had, so the whole thing could be put together to make a case?

Mr. JEWELL. I don't know, sir; I have no recollection of that ever coming to my attention.

Mr. HALLEY. Could you find out about that?

The CHAIRMAN. Is that your job to know those things, Mr. Jewell? What do you do as under sheriff?

Mr. JEWELL. As under sheriff, I represent the sheriff. I am practically, you might say, an office man. I sit there and meet the people.

The CHAIRMAN. Whose duty is it to know what is being done?

Mr. JEWELL. It is my duty and the chief of the division, and so forth. We have to depend on these things. I also came to the conclusion that a man is doing a good job unless I find out otherwise, and I also believe that he is honest unless I find out otherwise. I am not suspicious of every Tom, Dick, and Harry that comes along. Carl Pearson is the captain of the vice detail and is an excellent man, a good officer, and an honest fellow. I had no reason to believe otherwise and I don't believe it yet.

Mr. HALLEY. Has Pearson been transferred from the job?

Mr. JEWELL. Pearson was taken out and put into another job. He is a pretty good mechanic. We had a man retire recently who had charge of the automobiles and the transportation and so forth. Pearson has wanted to get away from vice for some time. So the sheriff transferred him over to this job on the retirement of this other man.

Mr. HALLEY. May I preface this by saying the next question will be on another subject. Do any members of the committee or Mr. Robinson have any questions on this subject?

Senator WILEY. I do.

Senator TOBEY. Wasn't there a man connected with your vice squad here some time ago named Guy McAfee?

Mr. JEWELL. Not in our vice squad. He was on the police department years ago and resigned from the police department.

Chief PARKER. He was fired for gambling.

Senator TOBEY. Do you know what he is doing now?

Chief PARKER. He was a member of the Los Angeles Police Department many years ago. He was removed for shooting craps in the assembly room, but that is many years ago, before I joined the department.

Senator TOBEY. He is shooting something else now.

Senator WILEY. Just one question. Of course, I have never lived in a big community like this, but I have been district attorney years ago. It was the function of the police department in the city and the function of the sheriff's department in the county to bring to my attention any evidence. I would then have a warrant issued and see if there was probable cause.

I want to know what was done in this connection by the district attorney. The district attorney, I take it, is the county attorney here?

Mr. JEWELL. That is right.

Senator WILEY. What was done to collaborate with him?

Mr. JEWELL. Well, I think that they took the matter up with him. He had an investigators' squad too. I think they collaborated with his chief investigator and members of his office and he had men go out likewise. He had these people, various ones, come up, and they asked them questions and so forth. They used whatever evidence our office could furnish them, I presume, in the matter of bringing indictments against this Guarantee Finance Co., individuals and officers. The district attorney of this county is a man that has been here a good many years. He is a very fine gentleman, a good district attorney, and he is doing everything he can humanly possibly do to take care of these things.

We have always gotten along nicely with him, and I think the other law-enforcement agencies have likewise gotten along well with us. The district attorney wants to cooperate. At the present time he has cooperated to this extent, that we have combined our vice squads on bookmaking, we have combined the sheriff's vice squad on bookmaking with the district attorney's squad, and other police departments are giving assistance as well, and I think our record of arrests recently in bookmaking has been enormous. It has been probably 6 weeks or so ago that they organized this combination squad. I think they have made over 100 arrests for bookmaking. I think they got that many convictions.

The CHAIRMAN. Is there anything else? By the way, is Long Beach in your jurisdiction?

Mr. JEWELL. Long Beach is in the county of Los Angeles; yes.

The CHAIRMAN. Do you operate in Long Beach?

Mr. JEWELL. We operate this way, sir: we have some superior courts, four branches out there, I believe. We have four bailiffs out there. We have a branch of six for our civil division, I believe.

The CHAIRMAN. I mean do you have criminal jurisdiction out there?

Mr. JEWELL. Only jointly with the city and then under the State Penal Code sections; yes.

The CHAIRMAN. How about Joe Irvin? He is a well-known bookmaker and has given an affidavit that he was.

Mr. JEWELL. I have heard of him.

The CHAIRMAN. Have you tried to find out who he is?

Mr. JEWELL. I think our vice detail has, and our former chief of police, and they have done what they could, and I think he has been

arrested for bookmaking. I don't know only from hearsay. He has never been arrested by our office.

The CHAIRMAN. He stated in a deposition, in a case, that he was a bookmaker, and in spite of that no effort has been made to pick him up.

Mr. JEWELL. As Senator Wiley said, you have to get the evidence. His mere statement of that fact would not convict him in court unless he plead guilty. If you went there to prove that fact, you would have to have evidence. Am I right, Senator, on that?

Senator WILEY. The thing I can't understand, sir, is after Robinson's gang of investigators investigated and got the dope and after the city policeman went through the skylight twice and got the dope, and after this business has been going on out there right in the open, it looks to me if the whole matter had been placed in the hands—should have been placed in the hands of the prosecuting officials. At least, when I was a youngster I wouldn't have hesitated a minute to issue a warrant there. There would have been a warrant issued before the court and the fellows brought in. I am wondering why it wasn't done in this instance. Maybe it was done finally; I don't know.

Mr. JEWELL. I am not familiar with all those facts, sir. I have lived a long time, but I don't remember every little instance that has happened even in my lifetime. These things speak for themselves. You could find that out by going into the records of the district attorney's office and find out what complaints have been issued, and so forth, and all that. I couldn't tell you offhand about all those things.

Senator WILEY. What is the function of the Vice Squad?

Mr. JEWELL. The function of the vice squad is to prevent vice and eliminate in the county of Los Angeles, principally in the unincorporated district, all vice.

Senator WILEY. And detect vice and prosecute for it?

Mr. JEWELL. No question about that. Now, the sheriff has given me a statement to hand to Senator Kefauver. I didn't know what you wanted to do with it.

Now, as to this other matter, I just talked to Mr. Robinson and he asked me to come down and I came down.

The CHAIRMAN. Let me have the statement. This is a letter from the sheriff.

Mr. JEWELL. I have never read that myself.

The CHAIRMAN. At this place I want to put into the record, as exhibit No. 3, the letter to the chairman of this committee, together with data of arrests and reports of his office, that has been submitted to us through Under Sheriff Jewell.

Mr. JEWELL. Do you want to mark that as an exhibit? I took it out of his file. I don't think he has anything in his file to replace that.

Senator TOBEY. It is in a good cause, you know.

Mr. JEWELL. I don't have any objection. You have the original in your file. That is his copy. I think anybody who makes a statement for a committee has a copy, anyway.

Mr. HALLEY. We have it in our file.

The CHAIRMAN. We will consider the thing to be an exhibit and we will substitute our copy and then return yours to you.

(Exhibit No. 3 is on file with the committee.)



Mr. JEWELL. If it was my personal file, I would say take it. I am just acting as an agent for the sheriff.

The CHAIRMAN. Will you see that this is returned to the sheriff?

Mr. JEWELL. Yes.

Mr. HALLEY. Captain Jewell, do you, as a matter of routine law enforcement in the county, try to keep track of the activities of certain people who are suspected of being law violators?

Mr. JEWELL. Yes, sir. We have a squad that travels around every night in various localities.

Mr. HALLEY. Who are some of the leading law violators whom you suspect of activities in your county—illegal activities?

Mr. JEWELL. The principal one is the one everybody mentions, Mr. Cohen. There are many other associates of his, and so forth, but they have out here what they call legalized gambling in Hawthorne and one or two other places out here. They are supposed to play legalized draw poker. There is no law in the State of California against draw poker. They play under certain conditions and it is licensed by the city. We have our people go through there occasionally and watch those people there that patronize those places. We watch out for hoodlums. We have already, through the help of the Los Angeles Police Department and the district attorney's office, we get reports from various States and cities in the United States.

Mr. HALLEY. Now, you understand you are here to be helpful to the committee.

Mr. JEWELL. I want to be helpful.

Mr. HALLEY. We appreciate your statement about the general activities of the sheriff's office, but the question is: What are the names of some of the more important criminals whom you feel you should be watching in your county? That is the question, Mr. Jewell. You have named Mickey Cohen; who else?

Mr. JEWELL. I named him because he is the one that is most talked of. He seems to be exhibit A.

Mr. HALLEY. You should know, at least, as much as appears in the newspapers about that.

Mr. JEWELL. That is about all I know, as far as those criminals are concerned and those who have been arrested.

Mr. HALLEY. Would you say that Mickey Cohen is the only one?

Mr. JEWELL. No; there are many others, but you are asking me a different question now. If I had had any notice of this hearing or a subpoena, I would have brought all the things necessary that you wanted me to say and I would have had it here with me.

Mr. HALLEY. We are interested in what you, as the chief deputy, with 40 years' experience, know about your own office.

Could you state what activities are taken by the sheriff's office to keep an eye on Mickey Cohen's activities?

Mr. JEWELL. Well, we have, as I said before, we have this gangster detail that gets out and watches all known hoodlums, people who come in, and strangers, coming around and watching their activities. They make a report and that report comes in to the sheriff through our chief of detectives.

Mr. HALLEY. Let's get down to the facts. What do you know about Cohen's activity in the county; what do you know about his activities?

Mr. JEWELL. I do know this: He went out in the county district out there and bought a building and he established a haberdashery



place and a tailor shop in there. He also had, as I understand, a jewelry shop at one time.

Mr. HALLEY. Was that at 8800 Sunset Boulevard?

Mr. JEWELL. I think so. He sold out there, and I understand that place is closed now. I don't think anybody is in there at the present time. I don't have any recollection of it.

Mr. HALLEY. Do you suspect him of operating any illegal activities at this time?

Mr. JEWELL. If we had evidence of it, sir, we would arrest him.

Mr. HALLEY. I am not asking you that.

Mr. JEWELL. It hasn't come to my knowledge that anyone has fingered him for any illegal activities at this time.

Mr. HALLEY. Have you asked the Los Angeles Police Department if they have any information that would give you leads about Mickey Cohen?

Mr. JEWELL. I haven't personally, sir, but I presume our detective detail and vice detail have cooperated with the police department.

Mr. HALLEY. You have no knowledge that they have made a specific request for that?

Mr. JEWELL. No.

Senator TOBEY. Does somebody tail him from the time he leaves his house until he gets back?

Mr. JEWELL. From what I read in the newspapers I think that they do. He lives in the city. He had these legitimate businesses in the county, from all outward appearances, and no one yet has said that they were illegitimate.

Mr. HALLEY. Did you ever hear that he operated gambling clubs in the county?

Mr. JEWELL. I heard it but I have never been able to prove it.

Mr. HALLEY. What did you do to try to prove it?

Mr. JEWELL. We have knocked over those places where it is claimed he had an interest in, and he never was there. So far these people who have been arrested didn't do any talking.

Mr. HALLEY. Did you, at least, close those places up?

Mr. JEWELL. Oh, yes, we took the material out of those places, and so forth, and destroyed it, as we have in the past. We probably destroyed in the last 18 months I don't know how many hundreds of slot machines, and how much money we have taken out of there and placed it in the county treasury. I don't know all those facts. I would have to be a statistician and have books and be able to get some other information to give you those figures.

Mr. HALLEY. Where did you get the evidence to close up the gambling clubs?

Mr. JEWELL. Generally through some information that comes in; either some of our boys, investigators, find that out, or information comes in, and then we go out and send out and investigate. When we find the places operating we, naturally, knock it over and make the necessary arrests and confiscate the money on the tables.

Mr. HALLEY. Did you close the place at 126 North LaBrea?

Mr. JEWELL. What number?

Mr. HALLEY. 126 North LaBrea in Burbank.

Mr. JEWELL. I think our office did. That has been very recently. We have taken several places in Burbank. That is an incorporated

city, by the way. It has been the custom, and I think a decent one, that if you hear of anything in another city you notify the police chief over there of that. Then, if he doesn't act, we go in and act and then bring the police department in on the kill.

Mr. HALLEY. You are not able to tell this committee of any illegal activities of which you suspect Mickey Cohen at this time in Los Angeles?

Mr. JEWELL. Personally I cannot, sir; that is honest and sincere.

Senator WILEY. What about your knowledge from the records you have been talking about?

Mr. JEWELL. I will have to get the reports and look them over. I don't know how retentive your memory is, but mine is limited. I know, just in a general way, of these things here, and I would have to get reports and look them up to be able to tell you about that. The only information that I have and the only knowledge that I have, Senator, is what I get from reports of subordinates, and that is all. Personally, I have no personal knowledge.

Mr. HALLEY. I am going to ask Mr. Robinson to ask you a few questions.

Mr. ROBINSON. Captain Jewell, I wonder if you could explain, for the benefit of the Senators, what is known as the Sunset Strip area.

Mr. JEWELL. The Sunset Strip area has been a thorn in the side of the sheriff's office as long as it has been a Sunset Strip. It seems these folks went out there and established restaurants and lesbian joints, and one thing and another. Incidentally, there were, years and years ago, some very famous gambling casinos out there. I don't know how long ago it was that we put the Clover Club out of business, knocked the door down and took the tables and one thing and another, but it was before World War II.

Since that time there have been spotty places out there. They have worked from time to time, but they call them spot locations, as you well know, Mr. Robinson. They get out and decide they are going to have a little game and they notify their clients, those who want to play, and they get together there for a one-night stand. Unless you have knowledge of that, then they can operate for one or two nights and then close down. By the time you have any knowledge that this is happening, they have flown to some other location.

Mr. ROBINSON. It was in the Sunset Strip area that the recent shooting of Mickey Cohen occurred; is that right?

Mr. JEWELL. That is right. We had men out there watching things, and they just left about 5 minutes prior to Mickey coming out.

Senator TOBEY. Too bad, wasn't it?

Mr. JEWELL. Yes, it was. They had been out night after night out there and nothing ever happened. This happened to be the one time. They had at that one time, I presume—they went earlier that night because at that time Mr. Cohen had a guard there from the State, sort of a bodyguard, and then he had his own henchmen always around. That was an unfortunate thing.

Mr. ROBINSON. Did Brenda Allen, the famous "madam," operate in county territory?

Mr. JEWELL. I think at one time she was in county territory. It was one of those borderline cases where part of the building is in the city and part of the building in the county. If my recollection is correct, and this is only on recollection—I don't know, because I haven't the

report here—but it seems to me that we did make an arrest in one place there in conjunction with the police department. They gave our vice detail knowledge of the place and we knocked it over, but I think that was on one occasion only that she operated in the county that we had knowledge of.

Mr. ROBINSON. Does Jimmy Contratto operate in county territory?

Mr. JEWELL. I understand he has. He was arrested recently for operating books. I think he got the biggest fine of any convicted bookmaker, to my knowledge, in the county of Los Angeles and in the history of the county.

Senator TOBEY. Was that his first arrest?

Mr. JEWELL. Oh, no.

Senator TOBEY. Why didn't they put him in jail instead of fining him?

Mr. JEWELL. That is up to the court.

Mr. ROBINSON. Does Hymie Miller operate in county territory?

Mr. JEWELL. I think he used to operate somewheres on the east side. Recently, I understand that he was over in Culver City territory with some kind of a racket, where they bet on baseball games.

Mr. ROBINSON. The records of the recent arrests of Hymie Miller were turned over to the sheriff's department, I understand.

Mr. JEWELL. Yes; they were turned over by the chief of police. I don't know how many different organizations that we have written to for about various individuals, asked about it, and the district attorney's office and our office worked jointly on that, trying to garner information. When anyone comes in to look at those records, we let them look at them. There was a representative of our office and of the district attorney's office at the time of the investigation of the records that was present.

Senator TOBEY. Where is the Sunset Strip, so-called?

Mr. JEWELL. I can explain this to you, Senator. You don't know the topograph of the city, and sometimes it is hard to explain it to someone, where the city breaks off and the county begins, because you go through a short ways and then you go into another city and back into the city of Los Angeles, so it is hard to define it. The Strip is on Sunset Boulevard.

Senator TOBEY. Is that what is called the Five Million Dollar or Ten Million Dollar Mile?

Mr. JEWELL. No. You go to Sunset Boulevard and then you go out Sunset Boulevard.

Chief PARKER. After you pass Laurel Avenue you are in the county.

Mr. JEWELL. Then you go on until you strike Beverly Hills.

Senator TOBEY. What does the "Sunset Strip" refer to?

Mr. JEWELL. It is a county strip that goes through there, just like what we call down here, to give you an idea, we have a "Shoestring Strip" down here. The continuity of bringing Los Angeles together—the city of Los Angeles took in a strip a mile wide from the old city limits of Los Angeles to Wilmington and San Pedro so they could bring those people into the city of Los Angeles—that is what they call that strip. Here is a strip of land that is still unincorporated. So they named it just "the strip." That is all I know about it.

Senator TOBEY. It is in the jurisdiction of the county; is that right?

Mr. JEWELL. That is right. We have a substation out there known as the sheriff's substation on Fairfax.



Senator TOBEY. When they tried to kill Mickey Cohen, did they kill his bodyguard?

Mr. JEWELL. They wounded a bodyguard, sir, and the other one of his henchmen, Neddie Herbert, he died from the wounds. Mickey got the least of any of them. He got two or three pellets in him and that was all.

Mr. ROBINSON. An investigator for the attorney general's office was wounded; is that right?

Mr. JEWELL. Yes. He used to be a former highway patrolman.

Mr. ROBINSON. Do you recall the shooting of Big Greenie Greenberg?

Mr. JEWELL. I only learned it or remember it by reading it in the newspapers. That didn't happen in the unincorporated territory of the county. I heard so many of those things and there were several down on Beverly Boulevard recently, and then Siegel was shot out in Beverly Hills, and many others. I don't remember that particularly, Mr. Robinson. I just have a faint recollection of it. Our office, as far as I know, had nothing to do with that case at all. As far as making any arrests in that matter, or the trial of any person for "Big Greenie" Greenberg; no.

Mr. ROBINSON. How about the shooting of "Meatball" Gamson; was that in the county?

Mr. JEWELL. That was not in our unincorporated district. "Meatball" Gamson was on Beverly Boulevard or out in Beverly Hills, I don't know which.

Mr. ROBINSON. How about the shooting of "Hookie" Rothman?

Mr. JEWELL. That was where they fired through the window out on the Sunset Strip. They said they were trying to get Mickey, but a lot of people thought that was a set-up to put him up as a clay pigeon.

Mr. HALLEY. I have no further questions of this witness.

The CHAIRMAN. How about you, Senator?

Senator WILEY. Nothing further of this witness.

Senator TOBEY. No further questions.

The CHAIRMAN. Very well, that will be all.

Mr. HALLEY. The next witness is the District Attorney Simpson.

#### TESTIMONY OF WILLIAM EDWARD SIMPSON, DISTRICT ATTORNEY, LOS ANGELES COUNTY, CALIF.

The CHAIRMAN. Mr. Simpson, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SIMPSON. I do.

Mr. HALLEY. What is your full name, sir?

Mr. SIMPSON. William Edward Simpson.

Mr. HALLEY. Your address, sir?

Mr. SIMPSON. Business or residence?

Mr. HALLEY. Your residence address.

Mr. SIMPSON. 2241 North Catalina, Los Angeles, Calif.

Mr. HALLEY. What is your business or occupation?

Mr. SIMPSON. District attorney of Los Angeles County.

Mr. HALLEY. How long have you held that position?

Mr. SIMPSON. Since December of 1946.

Mr. HALLEY. Is that an elective office?



Mr. SIMPSON. It is, yes.

Mr. HALLEY. For how many years does your term extend?

Mr. SIMPSON. Well, I was appointed to succeed Mr. Houser when he became attorney general, and I finished out his unexpired term of 2 years. I was then elected for an additional 4 years, 2 years of which will have expired on the first Monday in December of this year.

Senator TOBEY. You will go out of office the same time Harry Truman does?

Mr. SIMPSON. When does Harry go out?

Senator TOBEY. Two years from now; that is the inside dope.

Mr. SIMPSON. I hope that I will still be there 2 years from now, regardless of what happens to Harry.

The CHAIRMAN. You stay in as long as Harry and you will be in a long time.

Senator WILEY. I am neither a prophet nor the son of one, but I think Brother Tobey is right.

Mr. HALLEY. Mr. Simpson, what is the jurisdiction of your office?

Mr. SIMPSON. To a very large degree, and I would say 99 percent, our duty is the prosecution of felony cases. We handle some misdemeanor cases but a very limited number. The reason for that is, the larger cities of the county of Los Angeles, such as the cities of Los Angeles, Long Beach, Pasadena, and similar cities, are incorporated and organized under charters which provide that the city attorney shall issue and prosecute all misdemeanor violations occurring within the city, whether violations of city charters, city ordinances, or State laws. The result is that, except in unincorporated areas, we handle no misdemeanors. Therefore, our business and jurisdiction is limited, oh, I would judge, 99, perhaps 99-plus percent, to the prosecution of felony cases.

Senator WILEY. How many assistants have you?

Mr. SIMPSON. We have in our office a total, as I recall, of 73 lawyers, including myself, two unclassified or non-civil-service deputies, they being the assistant and the chief deputy, and all of the remaining deputies are civil-service employees.

Senator WILEY. Has the district attorney's office a special crime investigation squad of its own?

Mr. SIMPSON. In a sense we have and in a sense we do not have. We have a bureau of investigation, consisting of about 50 persons, including stenographers, clerks, and other persons of that type assigned to it. The one division of that unit that could be properly called an investigating unit or squad being of about 10 or 12 men, including, or in addition to which there are four accountants or auditors who devote their time to the investigation of corporate security violations and what we call grand theft bunco.

The available investigators for other work is quite limited and I would say not to exceed 15 or 18, and they receive such assignments as may be required in order to supplement the investigations originally made by the police departments of the cities in which a crime has occurred.

I mean by that, Senator, that if a deputy finds out, in the course of his preparation of a case for trial, that there is something additional needed by way of evidence, he avails himself of the services of such men as are free in our bureau of investigation to work with the police department and supplement that investigation.

The majority of the members of that squad devote their time—when I say “squad,” the bureau of investigation—to the investigation of corporate securities and grand theft violations of a bunco character.

Senator WILEY. What cooperation do you get from the county investigation squad?

Mr. SIMPSON. Very good.

Senator WILEY. And from the city investigation squad?

Mr. SIMPSON. Very good.

Senator WILEY. Do you understand their function is to dig out crime?

Mr. SIMPSON. Well, I don't know that I understand what you mean, but if I do I will answer your question this way: If a crime is committed in the city of Los Angeles, one of the units of the Los Angeles Police Department will immediately undertake the investigation of the matter, and, having completed the investigation and apprehended a likely suspect, will bring the evidence accumulated to the complaint division of the district attorney's office, at which place it will be reviewed by a deputy in that division, who will determine whether or not there is sufficient evidence to warrant the issuance of a complaint or whether there is not. So the primary duty of the local police department, in the city of Los Angeles and other cities, is to investigate crimes.

The same thing is true of the sheriff's department in the county of Los Angeles.

Senator WILEY. What I was getting at was, is it the function of the various squads in the city and in the county to simply investigate after a crime has been committed, or is it part of the squad's function to investigate and see that crime is not committed?

Mr. SIMPSON. I would say from my experience with the police department of the city of Los Angeles, and also with the detective bureau of the sheriff's office, that there are under investigation constantly many instances in which the effort is directed to prevent the commission of a crime. That is my belief, because I know we have from time to time worked with and advised with police officers who are directing their efforts in that regard, and deputy sheriffs who are doing the same thing.

Senator WILEY. That is all I have.

Mr. HALLEY. Did you prosecute the Guarantee Finance case?

Mr. SIMPSON. Personally?

Mr. HALLEY. Your office I am referring to.

Mr. SIMPSON. My office did; yes. I did not personally, but the district attorney's office of Los Angeles County did; yes.

Mr. HALLEY. Was that prosecution successful?

Mr. SIMPSON. It was; yes.

Mr. HALLEY. How many individuals were indicted? Was the number 12?

Mr. SIMPSON. Either 11 or 12. I think 12, and I think 11 were convicted, and Mrs. Welch was acquitted or dismissed by the court.

Mr. HALLEY. Was Harry Sackman dismissed?

Mr. SIMPSON. I don't know whether Sackman was indicted or not; he may have been indicted and then dismissed.

Mr. HALLEY. The record so shows. He is a tax consultant, is he not?

Mr. SIMPSON. Yes.

Mr. HALLEY. Was he the tax consultant for the company?

Mr. SIMPSON. That is the information that I have; yes.

Mr. HALLEY. There is still an appeal pending; is that correct?

Mr. SIMPSON. That is correct; yes.

Mr. HALLEY. Did you get the full cooperation from the sheriff's office in connection with that matter?

Mr. SIMPSON. I would say yes, although, as a matter of fact, after we received the reports from the California Crime Commission, the investigation which led to the indictments and the production of legal evidence which would be admissible in a court of law in a criminal prosecution, that was controlled entirely by Mr. Powers of our office, and the deputy who tried the case, and Mr. Busse was assigned to him as an assistant; they worked with Mr. Robinson, the man from the crime commission office. I think they availed themselves to a little degree or a slight degree of the services of any sheriffs, but I know they had some assistance down there.

Mr. HALLEY. Was there any proposal to have an investigation of the sheriff's office or any members of the sheriff's office, growing out of that?

Mr. SIMPSON. None that came to my attention.

Mr. HALLEY. Would you state, in general, the situation as to law enforcement in Los Angeles County? Is it your opinion that as of this time there is any considerable amount of undetected and unprosecuted crime?

Mr. SIMPSON. I would say not any more than you would normally expect in a city of the size of the city of Los Angeles or a county encompassing the area of the county of Los Angeles, with the population we have in the county of Los Angeles.

Mr. HALLEY. Who are the principal suspected law violators and gangsters upon whom you believe the law-enforcement officers should be keeping an eye?

Mr. SIMPSON. Well, one of them who is very well known and is popular—not popular, but frequently mentioned—is Mickey Cohen. There is also this man Dragna and the Sica brothers. They are, I think, perhaps the principal ones, and also a man named Jimmy Utley, who is under suspicion constantly.

Mr. HALLEY. What would you say would be the type of activities for which they would be suspected?

Mr. SIMPSON. My own opinion would be that, so far as Mickey Cohen is concerned, probably gambling, organized gambling and bookmaking and kindred enterprises. So far as Dragna and the Sica brothers are concerned, I have heard them mentioned more frequently in connection with narcotics. Utley is reputed to be a shake-down artist; an extortionist.

Mr. HALLEY. Have you any indication that any of these acts occur in interstate business or commerce and take part in criminal activities with people in other States and other criminals in other parts of the country?

Mr. SIMPSON. You mean the persons that I have named?

Mr. HALLEY. Yes.

Mr. SIMPSON. Nothing but rumors. I have no evidence. I heard that when Mickey Cohen made his trip to Chicago here some time ago,



when he was roused by the police department there, that it was for the purpose of raising money from some group of Chicago hoodlums.

Mr. HALLEY. What would you say about Jack Dragna?

Mr. SIMPSON. I don't know as to Jack Dragna.

Mr. HALLEY. How about Utley?

Mr. SIMPSON. Utley, I think, operates locally principally. I may be in error on that.

Mr. HALLEY. What would be your view as to the Sica brothers?

Mr. SIMPSON. The same as to Dragna; I don't know what their activities are.

Mr. HALLEY. Did you hear that the Sica brothers in the recent past had switched their allegiance from Cohen to Dragna?

Mr. SIMPSON. I had heard that there was some split, not in the recent past, but it was reported about the time of the shooting out here on the Sunset Strip that there was a fight on between either the Sica brothers, alined with Dragna, and Cohen, which was responsible for the shooting.

Now, whether any evidence has been developed to support that or not, I don't know, because none has been presented to our office.

Mr. HALLEY. To which shooting do you refer out on the Sunset Strip?

Mr. SIMPSON. The shooting in which this man Herbert, who was an associate of Cohen's, was killed.

Mr. HALLEY. Neddie Herbert?

Mr. SIMPSON. Yes; that is right.

Mr. HALLEY. When did that occur?

Mr. SIMPSON. I think that is about a year ago last July or longer than that.

Mr. HALLEY. Has that murder been solved?

Mr. SIMPSON. Not to my knowledge, it has not been; no.

Mr. HALLEY. Have there been various criminal activities, with particular reference to gambling, along the Strip, which have had the attention of law-enforcement officers?

Mr. SIMPSON. Of course we don't undertake to police the Strip and never have. We do not attempt to operate a police department. From that shooting, I was told that both the sheriff's department and the Los Angeles Police Department had known hoodlums under surveillance and they went into the Strip—I mean by that the Los Angeles Police Department went into the Strip—which is county territory, and they do so whenever they feel that it is necessary in the proper performance of their duty.

Mr. HALLEY. What are conditions along the Strip, to your knowledge?

Mr. SIMPSON. Now?

Mr. HALLEY. Yes.

Mr. SIMPSON. From what I can learn now, it is a pretty dead place. There is no activity, or if there is any it is negligible.

Mr. HALLEY. What has it been in the recent past?

Mr. SIMPSON. I would say that that condition has prevailed since the shooting on the Strip to which I referred.

Mr. HALLEY. What were conditions prior to the shooting of Neddie Herbert?

Mr. SIMPSON. According to all reports there was gambling and violations of law of a kindred nature.



Mr. HALLEY. What type of violations do you refer to?

Mr. SIMPSON. Bookmaking, gambling, and that sort of business.

Mr. HALLEY. You mean the operation of dice games and the like?

Mr. SIMPSON. Yes.

Mr. HALLEY. Do you have any knowledge of one Hymie Miller?

Mr. SIMPSON. I know of him and I know of him principally through the arrest that was made by two Culver City police officers here recently in Culver City, where he was apprehended, or rather some of his men were, in connection with the operation of a pool-selling proposition on football games and baseball games and other athletic contests.

Mr. HALLEY. Was Miller running a rather large illegal enterprise?

Mr. SIMPSON. I don't know how large it was from a physical standpoint, but from the information that we subsequently developed, through our auditors and through an examination of his books, I would say that, so far as money is concerned, it was a large enterprise.

Mr. HALLEY. Are you prosecuting?

Mr. SIMPSON. Our Santa Monica branch is prosecuting Miller and his associates.

Mr. HALLEY. Did you have occasion to send a list of disbursements by Mr. Miller to Mr. Robinson, the chief investigator of this committee?

Mr. SIMPSON. I think I did. I think I received a letter from him and asked for a copy of the auditor's report, or, at least, the disbursements, and sent that on to Mr. Robinson.

Mr. HALLEY. I will show you a letter dated August 2, 1950, and signed by you, and ask you if that is the letter to which you refer.

Mr. SIMPSON. That is the letter to which I refer, and the attached summary of disbursements appears to be Mr. Doherty's summary of disbursements.

Mr. HALLEY. Are you familiar with the item of disbursement to one Mal Clark?

Mr. SIMPSON. I am not; no.

Mr. HALLEY. It appear to be two checks, totaling \$13,683.75.

Mr. SIMPSON. No; I am not. As a matter of fact, I am not familiar, personally, with any of the items of disbursement. Those are matters which have been turned over to the auditing department of our bureau of investigation, and which have been investigated by Mr. Doherty.

Mr. HALLEY. I believe that as of August 14, 1950, Mr. Robinson replied to you stating that Mal Clark is in the gambling supply business in Chicago. Would that be something you would have now under investigation?

Mr. SIMPSON. No.

Mr. HALLEY. That is out of your jurisdiction?

Mr. SIMPSON. That is out of our jurisdiction; yes.

Mr. HALLEY. Do you know anything about the Film Row Club, to which there are disbursements in the amount of \$57,202?

Mr. SIMPSON. No; I don't. Is that the club that is supposed to be operating in San Francisco?

Mr. HALLEY. Yes. Is it not supposed to be a lay-off bookmaking spot in San Francisco?

Mr. SIMPSON. I think that is correct, but I have no personal knowledge of it because I have not participated personally in the investigation.

Mr. HALLEY. In this Hymie Miller situation, you have an item of disbursement of \$1,500, which is stated to be "Flamingo commissions for Hy G." Would it be your opinion that these might relate to commissions payable to Hy Goldbaum of the Flamingo Hotel in Las Vegas?

Mr. SIMPSON. The "Hy Goldbaum" means nothing to me. I have never been in Las Vegas in my life and am not acquainted with any of the characters there, but that very well could be.

Mr. HALLEY. Is your office now handling a prosecution of one Harold Meltzer?

Mr. SIMPSON. The case is on trial in the superior court now.

Mr. HALLEY. Is he being prosecuted for the possession of a gun?

Mr. SIMPSON. That is correct.

Mr. HALLEY. What can you tell the committee about his background and record?

Mr. SIMPSON. Well, he is an ex-convict. He is reported to have been at one time a close associate of Mickey Cohen. It has also been reported that some time ago the two of them split and that they have been on unfriendly terms ever since. I have also heard that Meltzer was at one time engaged in narcotic traffic.

Mr. HALLEY. Was he reputed to have been in the narcotic business with Meyer Lansky of New York?

Mr. SIMPSON. I don't know about Lansky. I know he was reputed to have been in the narcotic business. Who his associates were, I don't know.

Mr. HALLEY. You had him released from a subpena under which he was being held in Philadelphia in order to bring him back here for trial?

Mr. SIMPSON. Who?

Mr. HALLEY. Meltzer.

Mr. SIMPSON. No; I don't think so.

Mr. HALLEY. Was he not under subpena in the grand-jury investigation now pending in Philadelphia?

Mr. SIMPSON. Not according to my investigation.

Mr. HALLEY. You have no information to the contrary?

Mr. SIMPSON. I have none to the contrary; no. I know there is a witness in the East, and I believe in Philadelphia, who testified before the Federal grand jury, according to our information, and whose presence we are endeavoring to obtain to testify here on the basis of the grand-jury testimony he gave before the Federal grand jury in Philadelphia or some eastern city, with respect to the fact that he either gave or sold the gun in question to Harold Meltzer.

Mr. HALLEY. Do you know whether Meltzer acted as a jeweler in the establishment right next door to Mickey Cohen's establishment, his haberdashery establishment, at 8800 Sunset Boulevard?

Mr. SIMPSON. I do not.

Mr. HALLEY. That would be, at least, one of the reasons he was suspected of being associated with Mickey Cohen?

Mr. SIMPSON. Yes; if that is a fact, if you have been so advised.

Mr. HALLEY. Mr. Simpson, is there anything else you can tell this committee that will assist it in the performance of its duties here,

which, as you know, relate to seeking out evidence of organized crime in interstate commerce, or affecting interstate commerce?

Mr. SIMPSON. I can give you this, if it is of any value to you, but, again, it is rumor. I think it is probably true that since the organization of a combined antibookmaking squad last September, in which the sheriff's office and our office participated with the advice and assistance of the several police departments in the county, and the concerted drive, it resulted against bookmaking, and I am informed that many of the bookmakers who found it rather uncomfortable in this area moved to Nevada and are transacting their bookmaking business, or attempting to, over the telephone. In other words, they solicit their former customers for bets by telephone from Las Vegas, or wherever they may be, and the customers, in turn, phone their bets to the bookmakers in Las Vegas or Reno or wherever these bookmakers may be operating. That, I think, is comparatively recent, although I also understand that large bets have been made prior to this time by phone from Los Angeles and various places around the county to gamblers in Nevada.

Mr. HALLEY. I have nothing further of Mr. Simpson.

Senator TOBEY. I have no questions.

Senator WILEY. No questions.

The CHAIRMAN. What is your relationship to the attorney general or the State attorney?

Mr. SIMPSON. The constitution of California provides that the attorney general shall be, in effect, the chief law-enforcement officer of the State.

The CHAIRMAN. Aren't you elected countywise?

Mr. SIMPSON. Yes. I have no relationship with him except as he is designated under the constitution and the code as an officer who has the authority to supervise the activities of sheriffs, and, if he feels that a case is being improperly handled by any district attorney in the State, to take charge of that particular case. That is the relationship that exists.

In other words, it is a matter of power rather than relationship. We go ahead and attend to our business here in the county. He attends to his, but he does have that power.

The CHAIRMAN. When did you start by appointment as district attorney in Los Angeles County?

Mr. SIMPSON. If my memory is correct, I think it was the 1st of December of 1946.

The CHAIRMAN. You had quite a number of conflicts with Attorney General Howser over prosecutions in this county; did you not?

Mr. SIMPSON. No. I have had disagreements with him on matters of policy, but not on prosecutions, because we have never asked his advice on what we should or should not do or whom or whom not to prosecute. We use our own judgment and have used our own judgment.

The CHAIRMAN. How about the Guarantee Finance Co.? Did the attorney general prevent its prosecution of that case, or try to?

Mr. SIMPSON. No. That case was prosecuted after we got from Mr. Olney and the crime commission the files they had accumulated in connection with the hearings they were holding before the utilities commission.



I went to San Francisco and asked Mr. Olney to release to us any information that he had that would enable us to prosecute the officers and employees of that company; that information was provided to us. We, thereafter, conducted our own investigation.

There were two different issues before the utilities commission: The hearings which involved the restoration of telephone service, and the question there to be considered was whether there was probable cause to believe that the telephones had been used for bookmaking. With us it was a matter of establishing beyond a reasonable doubt that the defendants were guilty of a violation of the law.

The CHAIRMAN. I did not want to go into the details of the case, but this finance company had been operating, apparently, in the open for some time and the sheriff of this county had done nothing about it. There were some rumors that Mr. Houser was not very anxious to have anything done about it, either. I take it that your duty is only to prosecute after the facts are brought to you?

Mr. SIMPSON. That is correct.

The CHAIRMAN. You don't have any inquisitorial duty of getting out and finding out about it yourself?

Mr. SIMPSON. As a matter of fact, I never heard of the Guarantee Finance Co. until I read about it in the newspaper, of the hearings that were conducted before the State public utilities commission.

The CHAIRMAN. How about the gambling ships, were they in your county, out at Long Beach?

Mr. SIMPSON. I think that is still a debatable question, whether they were out beyond the limits or not, but there have been no gambling ships since Tony Cornero made his last attempt to operate.

The CHAIRMAN. How long ago has that been?

Mr. SIMPSON. Oh, I don't know; quite some time ago. Mr. Houser was district attorney at the time.

The CHAIRMAN. Have there been any during your administration?

Mr. SIMPSON. None that I have heard of.

The CHAIRMAN. Isn't it true that they operated wide open and finally the Attorney General of the United States did something about stopping them?

Mr. SIMPSON. That is correct, I think. They did operate for a period of time, but for how long I don't know. I wasn't district attorney at the time and had nothing to do with the gambling ships.

Senator TOBEY. Do you consider Houser an honorable official?

Mr. SIMPSON. I would rather not answer that question.

Senator TOBEY. It won't go out of this room. We can even take that much off the record.

The CHAIRMAN. That can be off the record.

(Off-the-record discussion.)

Mr. ROBINSON. I think in fairness to Mr. Simpson, the record should show that when the story of the Guarantee Finance Co. broke in the papers, Mr. Simpson made a special trip to San Francisco to meet with the commission and requested the records, saying he would take it to ultimate prosecution. He had 12 indictments returned; 2 were dismissed. He went to trial with 10 and got 8 convictions out of the 10.

Mr. SIMPSON. That is correct. I would like to add to that, Mr. Robinson, if I may, that it was indicated in the report of the crime commission that there was possible corruption in the sheriff's office.



That was designated as the second phase of the Guarantee Finance case. Since the completion of the trial the same two men who prepared and prosecuted the Guarantee Finance Co. have worked continuously on the second phase of that case. We haven't gotten very far, but we are still working on it. So far as we are concerned it is not a dead issue.

Senator TOBEY. Will these hearings ever be published? Sooner or later you will be interested in reading the testimony that Under Sheriff Jewell gave this morning about the sheriff's department.

The CHAIRMAN. Thank you very much, Mr. Simpson.

I would be glad if you would make a summary, Senator, of what went on this morning. Senator Wiley, will you summarize for the committee what you think of the proceedings here this morning?

Senator WILEY. No; I won't summarize. This is an executive session and I don't want to evaluate the testimony. If I did I am liable to be more outspoken than Senator Tobey.

The CHAIRMAN. Before we get the press in here, whoever is going to speak, we should know what we are going to say about this fellow Jewell in here.

Mr. HALLEY. I think the evidence could be summarized factually and the characterizations would be automatic. It is not necessary to characterize Jewell, but simply state the facts.

The CHAIRMAN. All right, call the press in.

(The following proceedings were held in open session:)

(Proceedings resumed in open session.)

The CHAIRMAN. Ladies and gentlemen, this morning we have had Arthur C. Jewell, the under sheriff of Los Angeles County for a number of years, present testifying. He has been questioned relative to law enforcement in Los Angeles County.

In general, the testimony of Mr. Jewell was highly unsatisfactory to the committee as to, first, ferreting out certain activities.

Senator TOBEY. May I say to the press that the chairman of this committee is a past master of moderate speech also.

The CHAIRMAN. Secondly, in cooperation with the California Crime Commission and with certain officers of the police department of the city of Los Angeles, his testimony again was unsatisfactory. Sheriff Bascailuz is in the State of Washington now on a police commission convention of some kind, and he is being invited to appear personally before the committee tomorrow.

The particular matter that was outstandingly unsatisfactory to the committee was that it has been well known for quite a number of years, apparently, locally and throughout the Nation, that the Guarantee Finance Co. was one of the biggest bookmaking wire-service operations in the country. This information was given to the sheriff of this county by the California Crime Commission; reports were made by the telephone company in correspondence as early as August of 1947. Finally the Guarantee Finance Co. was raided by officers of the corporation commissioner, upon information gathered, and in company with the officers or with the officials of the California Crime Commission. This was done in January 1949; January 13, 1949, to be more specific.

It is difficult to believe that members of the sheriff's organization did not have information as to the transactions going on. As a matter of fact, they said they had gotten some of the little bookmakers but

hadn't ever bothered the heart of the organization of the Guarantee Finance Co.

The testimony shows that Lt. James Fiske, of the Los Angeles Police Department, on two occasions came in the skylight, acting outside of his jurisdiction of course, because he was in the Los Angeles City Police Department, but, nevertheless, tore up their number sheets, which thwarted their operations slightly.

He was asked by the sheriff's office to stay out of their jurisdiction.

Furthermore, when the California Crime Commission officials came in, they on two occasions asked the sheriff's office to have a representative present, both for the raid and for the gathering of information, but no one showed up.

Captain Jewell seems to have very little information about what big-time criminal activities are taking place in this county, although the information is generally known throughout the country.

District Attorney William E. Simpson also testified. The committee has no criticism of the job he is doing as district attorney. It should be pointed out that he cooperated fully with the California Crime Commission in presenting to the grand jury and to the courts the evidence of the wire-service operation of the Guarantee Finance Co.

He obtained 12 indictments, 2 were dismissed, and 8 convictions came out of the matter.

Do you have anything to add, Senator?

Senator TOBEX. I have nothing to add; I think it is an admirable summing up.

The CHAIRMAN. Senator Wiley?

Senator WILEY. I don't think I have any particular comment to make at this time, except to say that I believe that the sheriff's office, particularly the crime-investigating branch, might well be called before the committee and see if there is any explanation of what seemed to be, at least from the testimony of Jewell, a rather lax condition existing.

Jewell claimed that he was more or less simply an office man and had been in the sheriff's office for some 40 years. He testified that reports were sent to him, but he also claimed, in trying to be fair with him, that he had no particular notice as to what he was to testify to; that he might have to look at the records to try to get information on the subject. I think it is a situation that is more or less really critical throughout the country, that in many places we have found that the sheriff's office has been rather asleep on the job, whereas some of the city officials have been more competent and apparently more on the job.

I, too, was favorably impressed with the county attorney. He seemed to have the facts at his tongue's end, so to speak.

That is about all I have to say at this time.

MEMBER OF THE PRESS. Senator Kefauver, in other jurisdictions do you usually find that public officials are very fortunate in their investments? Have you found anything like that here?

The CHAIRMAN. We have had some inferences as to investments, of loans being made by the Guarantee Finance Co. to members of the sheriff's staff, but we, in fairness to the inquiry, we haven't gone far enough into the matter to get the facts fully or to make any conclusions.

MEMBER OF THE PRESS. How big do they run?

The CHAIRMAN. We haven't the detailed information.

MEMBER OF THE PRESS. Are you going to explore that?

The CHAIRMAN. We will explore it; yes.

MEMBER OF THE PRESS. Did Mr. Jewell give any explanation for his own lack of information, other than that he only had reports, and also of the failure of the sheriff's office to cooperate with other law-enforcement agencies?

The CHAIRMAN. As to the request for assistance by the California Crime Commission, Mr. Jewell said that they didn't come to him. They came to the sheriff, and the sheriff referred the matter to, I believe, Captain Pearson.

He also testified that if they came to him he probably would have done something more active about it.

Senator TOBEY. There was some evidence of passing the buck this morning; the national pastime was being played. I asked Mr. Jewell if Captain Pearson was still on the job, and he said "Yes." I asked him why, but didn't get a very satisfactory answer from him.

MEMBER OF THE PRESS. You mean that Jewell or Captain Pearson was still on the job?

Senator TOBEY. Pearson.

The CHAIRMAN. The California Crime Commission in their report state that in August of 1948 they asked the sheriff's office, by letter, why they did not take some action against the Guarantee Finance Co. The reply they got was that their investigation showed the only thing they were doing was distributing scratch sheets, and they didn't have any information that they were doing anything in violation of the law.

MEMBER OF THE PRESS. Was Mr. Guasti's name mentioned in connection with the Guarantee Finance Co.?

The CHAIRMAN. Officer Guasti's name was mentioned several times.

MEMBER OF THE PRESS. In connection with the letter?

The CHAIRMAN. Yes.

MEMBER OF THE PRESS. Is he under subpoena?

The CHAIRMAN. I believe that he is; yes.

MEMBER OF THE PRESS. Did you get into the wire service of that Brophy, that Brophy gets into?

The CHAIRMAN. Not as yet.

MEMBER OF THE PRESS. Did you get any links with San Francisco this morning?

Mr. ROBINSON. District Attorney Simpson testified with respect to the raid on the premises of Hymie Miller in Culver City. He gave us some information as to that. There were lay-off bets to the Film Row Club in San Francisco.

MEMBER OF THE PRESS. Was that in connection with the baseball pool?

Mr. ROBINSON. The name of the club also appeared in the Guaranty Finance Co.

The CHAIRMAN. The committee will resume at 2 o'clock. Our first witness this afternoon will be Harry Sackman, who I believe is auditor for Mickey Cohen.

MEMBER OF THE PRESS. One other question, Senator.

You mentioned when we left this morning, I believe, that part of the session would be open tomorrow. Will that apply to Mickey Cohen's testimony?

The CHAIRMAN. We will make an announcement on that at the conclusion of our afternoon session.



How about concluding at 5:30, gentlemen, this afternoon?

MEMBER OF THE PRESS. Are you going to subpoena anyone from San Francisco County today?

The CHAIRMAN. Mr. Robinson will have to answer that.

We will stand in recess now until 2 o'clock this afternoon.

(Whereupon, at 12:30 p. m., a recess was taken until 2 p. m. of the same day.)

#### AFTERNOON SESSION

(Whereupon the committee met, pursuant to noon recess at 2 p. m.)

The CHAIRMAN. The committee will be in order. We are still in closed session.

(The following proceedings were had in closed executive session:)

The CHAIRMAN. Mr. Harry Sackman will be the first witness. Mr. Sackman, do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SACKMAN. I do.

#### TESTIMONY OF HARRY SACKMAN, ACCOUNTANT, BEVERLY HILLS, CALIF.

Mr. HALLEY. What is your name?

Mr. SACKMAN. Harry Sackman.

Mr. HALLEY. What is your address?

Mr. SACKMAN. 1680 North Vine Street, Hollywood.

Mr. HALLEY. What is your home address?

Mr. SACKMAN. 339 North Rexford Drive, Beverly Hills.

Mr. HALLEY. What is your business?

Mr. SACKMAN. Public accountant and tax consultant.

Mr. HALLEY. Do you represent Mickey Cohen?

Mr. SACKMAN. I have prepared income returns for Micky Cohen; yes, sir.

Mr. HALLEY. Were you served with a subpoena duces tecum for records pertaining to Mickey Cohen?

Mr. SACKMAN. I have been served with a subpoena asking for records in my possession or under my control for the past 9 months.

Mr. HALLEY. Do you have them here with you?

Mr. SACKMAN. Yes, sir.

The CHAIRMAN. Let the record show that you brought in your records by virtue of a subpoena of this committee, certain records that were asked for by subpoena served upon you.

Mr. SACKMAN. Yes, sir. The Mickey Cohen records I have before me for the past 9 months.

Mr. HALLEY. Will you state what you have and turn it over to the committee.

Mr. SACKMAN. I have a letter from the State franchise-tax board dated October 13, 1950, wherein they asked for an extension of time to April 15, 1952, for the examination of his 1946 State income-tax returns.

The CHAIRMAN. Can you identify these in a general way?

Mr. HALLEY. Identify each batch of files rather than each individual document.



Mr. SACKMAN. All right. I have here numerous memoranda phoned in to my office by Mickey Cohen from persons he claims he borrowed money during the past year.

Mr. HALLEY. When was that turned or phoned in to you?

Mr. SACKMAN. At various dates, the dates are on some of the memoranda.

Mr. HALLEY. In whose handwriting is this?

Mr. SACKMAN. I can identify each one, sir. On the little card on the back of which is the name Klishka, that appears in pencil the numerals \$13,000. It appears to me that that is Mickey Cohen's handwriting.

Mr. HALLEY. Did he explain that notation to you?

Mr. SACKMAN. No. He just notifies me. He tells me each time he borrows money from various people. He personally handed me this.

Mr. HALLEY. What else do you have?

Mr. SACKMAN. Then I have a memorandum here called in by Mickey Cohen on January 17, 1950, that he received \$20,000 from J. W. Federman.

Mr. HALLEY. Do you know Federman?

Mr. SACKMAN. No; I do not.

Mr. HALLEY. May each of these be marked as exhibits.

The CHAIRMAN. Let's start with exhibits Nos. 4 and 5.

Mr. HALLEY. The card should be marked "Exhibit No. 4," and the sheet of paper will be exhibit No. 5. The franchise letter is easily identifiable. These are miscellaneous scraps of paper, and I want them identified.

The CHAIRMAN. All right, they will be so marked.

(Exhibits Nos. 4 and 5 were returned to the witness after analysis by the committee.)

Mr. SACKMAN. Then on January 24, 1950, he phoned in that he borrowed \$2,500 from Bernard Cohen.

Mr. HALLEY. Is that in your handwriting?

Mr. SACKMAN. That is in my handwriting. He phoned that in to me.

Mr. HALLEY. Is the Federman thing in your handwriting, too?

Mr. SACKMAN. No, sir.

Mr. HALLEY. Who made that notation?

Mr. SACKMAN. It might have been somebody in my office, but I can't identify it.

Mr. HALLEY. It says "M. C. called H. S."

Mr. SACKMAN. That means Mickey Cohen called me.

Mr. HALLEY. But somebody else made the notation?

Mr. SACKMAN. Probably my secretary was standing alongside of me when he called me, and she made the notation when he called me.

The CHAIRMAN. It will be marked "Exhibit No. 6."

Mr. SACKMAN. Then appears a notation that Mickey Cohen phoned to me on December 19, 1950, wherein he said he received \$25,000 from Federman and on September 14 he won \$2,380 on the horses, he told me.

The CHAIRMAN. That will be marked "Exhibit No. 7."

(Exhibits Nos. 6 and 7 were later returned to the witness.)

Mr. SACKMAN. That is all of those memoranda, gentlemen.

Mr. HALLEY. How did he happen to call you about these loans? How did that come about?

Mr. SACKMAN. For this reason: that during an investigation of his Federal income taxes by the Intelligence Unit he was asked to prepare a net worth statement. The net worth statement for the year 1947, if my memory serves me correctly, showed that he had expended approximately \$140,000—\$140,000 and some—that is the time he purchased his home and remodeled his home, and so forth. So I prepared such a statement and asked him where he got the money, because his income tax returns did not reflect any such amounts.

The CHAIRMAN. For what year was that?

Mr. SACKMAN. I believe that was for 1947.

The CHAIRMAN. One hundred and forty thousand and some dollars expended?

Mr. SACKMAN. One hundred and forty thousand and some dollars, yes, sir. So then he gave me a list of names from whom he claimed he borrowed a great amount of that money.

Mr. HALLEY. Do you have that list?

Mr. SACKMAN. I turned that over to the Intelligence Unit of the Treasury Department.

Mr. HALLEY. And you kept no copy?

Mr. SACKMAN. No. They gave me a receipt for it at the time they took it. Mr. Goodykuntz of the Treasury Department has that.

Senator WILEY. Do you have the receipt from the Treasury Department?

Mr. SACKMAN. I don't have it with me.

Senator WILEY. Do you remember the name of the agent?

Mr. SACKMAN. Yes; his name is Mr. Spears. He is on Mr. Goodykuntz' staff.

Mr. HALLEY. Will you go ahead, please. I understand you are going ahead with an explanation.

Mr. SACKMAN. Yes. So, therefore, at that particular time I told Mr. Cohen that in the future I don't want any more guesswork from him. If he borrows any money from anybody, to phone it in to my office so that we have a record, some kind of record in my office, so when the Federal people make an investigation we can explain to the Federal people where we got the moneys.

Senator TOBEY. Did he give collateral for these borrowings?

Mr. SACKMAN. It seems not, sir.

Senator TOBEY. Do you know whom he borrowed from?

Mr. SACKMAN. The statement that I prepared for the Intelligence Unit shows each and every name and the amounts.

Senator TOBEY. One hundred and forty thousand dollars was borrowed without security?

Mr. SACKMAN. I wouldn't say the \$140,000 in its entirety was borrowed, but the greater part of it.

Senator TOBEY. Did he give notes for them?

Mr. SACKMAN. I don't know how he manipulates his business. I don't ask him about that. He comes up to my office to get a tax return prepared, and that is the extent of my relations with him.

Mr. HALLEY. Then, in 1948, you said in the future when he borrowed money that he should do something about it; is that right?

Mr. SACKMAN. I told him that the early part of this year when I prepared that statement for Mr. Goodykuntz. That was this year.

Mr. HALLEY. I see. So then he began to give you notations whenever he borrowed money; is that right?

Mr. SACKMAN. That is right.

Mr. HALLEY. Would he call in to you on each of those occasions?

Mr. SACKMAN. Yes; those are the ones that he called in.

Mr. HALLEY. For instance, in January he remembered a loan of 2 years ago from Bernard Cohen for \$2,500; is that right?

Mr. SACKMAN. That is right.

Mr. HALLEY. Then in January he also remembered a loan from Federman for \$20,000?

Mr. SACKMAN. Yes.

Mr. HALLEY. Or is that one he made at that time?

Mr. SACKMAN. That is one he told me he made at that time; yes.

Mr. HALLEY. Then in April he borrowed \$13,000 from William Kliska; is that right?

Mr. SACKMAN. Yes. He only gave me that notation—he handed that card to me about 3 weeks ago. He was in my office and he said he made a special trip to come to my office to hand me that card.

Mr. HALLEY. Then in September he said he borrowed \$25,000 from Federman and that he won \$2,380 gambling; is that right?

Mr. SACKMAN. Yes; that is right.

Mr. HALLEY. When did he give you that information?

Mr. SACKMAN. The date is on there, sir.

Mr. HALLEY. September 19, 1950?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Was it after that that he brought in the card with the \$13,000 loan from Klishka?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. In 1947 you said he borrowed a substantial part of \$140,000?

Mr. SACKMAN. That is what he claims; yes.

Mr. HALLEY. Was it in excess of \$100,000 that he borrowed?

Mr. SACKMAN. I would say yes, at this particular time.

Mr. HALLEY. What was his income in 1947?

Mr. SACKMAN. I haven't the return with me, but it was never in excess of \$30,000.

Mr. HALLEY. What was his income in 1948?

Mr. SACKMAN. Not in excess of \$30,000.

Mr. HALLEY. Would that apply to 1949 and 1950?

Mr. SACKMAN. 1950, the return isn't prepared as yet, but in 1949 I have the return here. The reason I didn't bring those other returns, gentlemen, is because the subpoena says for the past 9 months.

Mr. HALLEY. The subpoena was confined to papers during the past 9 months that have been in your possession. I can see where the ambiguity lies as you read it. I appreciate that, but what we had in mind was papers which during anytime in the last 9 months were in your possession. It is not confined to records covering only the last 9 months.

Mr. SACKMAN. Perhaps you are correct, but to satisfy my own mind of this, sir, I wasn't exactly sure what you wanted; so I even went to Mr. Jerry Giesler, the attorney, and I showed him this and I asked him his interpretation of that 9 months and he said, "Well, that which you have prepared for the 9 months."

Mr. HALLEY. I will avoid a legal conflict with a great legal mind, and simply ask the chairman at this time to instruct you to produce every single scrap of paper which is in your possession relating to Mickey Cohen, and to produce it not later than 5 o'clock this afternoon.

Mr. SACKMAN. I would have to go all the way back to Hollywood and go through the files and everything else.

Mr. HALLEY. We must have that information.

Mr. SACKMAN. Sir, I will be willing to give it to you. I have no objection to giving it to you.

Mr. HALLEY. We will send somebody back with you, so you won't have to return.

Mr. SACKMAN. That is all right then.

The CHAIRMAN. They will give you a receipt for it. Is that all right?

Mr. SACKMAN. Yes.

The CHAIRMAN. I think this subpoena is ambiguous, to be frank with you.

Mr. SACKMAN. Yes; it is.

Mr. HALLEY. That will include correspondence, letters, and memoranda of any type.

Mr. SACKMAN. I will give you anything in my files pertaining to Mickey Cohen.

Mr. HALLEY. Going back as many years as your file goes back on that. You will give us all that information; will you?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. When did you first begin to represent Mickey Cohen?

Mr. SACKMAN. I would say, perhaps, 8 to 10 years ago, when I first began preparing his tax returns.

Mr. HALLEY. At that time did he deliver you any records going back to previous years?

Mr. SACKMAN. No, sir; he did not.

Mr. HALLEY. So that your records go back about 8 to 10 years; is that right?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Do you have copies of the tax returns for all those years?

Mr. SACKMAN. That is what I am referring to. There was 1 year, I believe it was 1942, in which he did not file a tax return.

Mr. HALLEY. May I see the 1949 tax return which you have here?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Do you know whether he was able to repay any of the moneys borrowed in 1947?

Mr. SACKMAN. The statement which I prepared for Mr. Goodykuntz only showed perhaps one or two repayments.

Mr. HALLEY. Did he borrow any substantial sums in 1948 and 1949?

Mr. SACKMAN. Oh, yes.

Mr. HALLEY. What did they amount to?

Mr. SACKMAN. I wouldn't hazard a guess.

Mr. HALLEY. Were they in excess of \$50,000 each year?

Mr. SACKMAN. Oh, yes.

Mr. HALLEY. Here we have a man who in 1947 borrowed approximately \$100,000; in 1950, so far, we have \$60,000 that he borrowed so far. You say he has borrowed substantial sums in excess of \$50,000 in each of the previous years; is that right?



Mr. SACKMAN. I am quite certain; yes.

Mr. HALLEY. His income for 1949 shows a gross of \$14,845; is that correct?

Mr. SACKMAN. Yes.

Mr. HALLEY. Plus \$25 in interest, making a total of \$14,870.60.

Mr. SACKMAN. That is substantially correct; it is right on the face of the return.

Mr. HALLEY. It is income received primarily in the form of "various commissions," \$10,000. Is that an estimated amount?

Mr. SACKMAN. That is the amount that he submitted to me.

Mr. HALLEY. Do you have any detail on that?

Mr. SACKMAN. No, sir.

Mr. HALLEY. Do you get away with that sort of thing with your income-tax returns?

Mr. SACKMAN. Do I get away with it?

Mr. HALLEY. When you file a return saying "various commissions, \$10,000," do you get away with that?

Mr. SACKMAN. I always ask him each year to give me the detail on it. I tell him the law. He says, "Well, here is the figure and this is the only thing I can present to you." Therefore, on that basis I file the return with the Government. Whether they accept it or not, that is up to them. I am not trying to get away with anything.

Mr. HALLEY. What does the Bureau of Internal Revenue say each year when they see it that way?

Mr. SACKMAN. They haven't said anything until about, oh, I would say about a year ago, when they started investigating him. Their investigation is still under way.

Mr. HALLEY. Do you think they are going to accept that form of return?

Mr. SACKMAN. I don't know what they might do, sir.

Mr. HALLEY. You have advised Mr. Cohen that generally that type of statement is not acceptable?

Mr. SACKMAN. Each and every year I tell him the same thing.

Mr. HALLEY. That it is not acceptable?

Mr. SACKMAN. That is right.

Mr. HALLEY. Yet he has never been assessed; has he been?

Mr. SACKMAN. He has not brought me any more detail, sir.

Mr. HALLEY. The Bureau has never assessed him?

Mr. SACKMAN. Never assessed anything; no.

Mr. HALLEY. Who is Cohen and Pignola?

Mr. SACKMAN. There is attached to that return, sir, a copy of a partnership return. That would seem to be a tailor shop; a partnership.

Mr. HALLEY. He is a partner of Al Pignola?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. His share of the profits was \$4,845.60?

Mr. SACKMAN. That is what the partnership return reflects.

Mr. HALLEY. Did you prepare the partnership return?

Mr. SACKMAN. I did not.

Mr. HALLEY. Who prepared that, if you know?

Mr. SACKMAN. Mr. Cohen had an accountant to take care of his books and records. I believe the name was Steiner.

Mr. HALLEY. Who is Jimmy Steiner?

Mr. SACKMAN. That is the accountant, I believe, that prepared that return.

Mr. HALLEY. Did he handle other matters for Cohen or just that?

Mr. SACKMAN. I don't know what his relationship there was, sir, but I never did see any of Cohen's records or books.

Mr. HALLEY. I see here a pencil notation in blue pencil dated March 8, 1950, "Add \$25 interest on Continental, phoned in by James Steiner."

Mr. SACKMAN. He phoned that in to my office.

Mr. HALLEY. Did he, on other occasions, give you information about Cohen's finances?

Mr. SACKMAN. The only occasion he gave me something was when the Intelligence Unit started an investigation of Cohen's income-tax returns. I asked Cohen who was his accountant. He told me "that man Steiner." So I called Steiner and told him that Cohen wanted me to represent him before the Treasury Department in income-tax matters. I made an appointment with Steiner and several of the Intelligence Unit agents to come to Cohen's office or place of business. That is where I first met Steiner at that particular time.

Mr. HALLEY. Do you see Mr. Steiner from time to time?

Mr. SACKMAN. I have only seen him once since that time, and I saw him this morning in the hall.

Mr. HALLEY. He is here now?

Mr. SACKMAN. Sir?

Mr. HALLEY. He is here today?

Mr. SACKMAN. He was here; I don't know if he is here now.

Mr. HALLEY. Who is William Klishka?

Mr. SACKMAN. I don't know who he is.

Mr. HALLEY. Do you know who J. W. Federman is?

Mr. SACKMAN. It seems that James or J. W. Federman was the auctioneer that sold out Cohen's place, his haberdashery.

Mr. HALLEY. That man has loaned Cohen this year \$45,000; is that right?

Mr. SACKMAN. According to what was phoned to me, sir.

Mr. HALLEY. You were not shown any documents?

Mr. SACKMAN. No, sir; I was not.

Mr. HALLEY. What other documents do you have here with you?

Mr. SACKMAN. The only other thing I have here, at this particular time, is a letter which I wrote to the office of the Intelligence Unit, sending Mr. Goodykuntz certified copies of Mr. Cohen's 1940 and 1941 income-tax returns; certified copies.

Mr. HALLEY. What are all those envelopes you have with you there?

Mr. SACKMAN. These pertain to other individuals named in this subpoena.

Mr. HALLEY. There is nothing else here for Cohen?

Mr. SACKMAN. Not for the 9-month period. That is what I interpreted the subpoena as. I do have in my office other things back of the 9 months.

Mr. HALLEY. What do you have in your office?

Mr. SACKMAN. I have copies of income-tax returns; I have a copy of that statement, that net worth statement, which was prepared for Mr. Goodykuntz of the Intelligence Unit. That will reflect all of the names and amounts of moneys that Cohen borrowed during a 4-year period.

Mr. HALLEY. You do have that in your office?

Mr. SACKMAN. I will give you everything in my files.

Senator TOBEY. What was his net worth in that statement, if you know?

Mr. SACKMAN. It was so far in the red that it was pitiful, because he borrowed all this money.

Senator TOBEY. Did he borrow money to pay off loans?

Mr. SACKMAN. It seems that he borrowed the moneys, the greater part of the moneys, in 1947, to buy the house that he lives in, plus furniture and renovations. That is the way it seems to me. Of course, that statement—may I call your attention to the fact also that that statement will reflect his disposition of the moneys; that is, each year just how much jewelry he bought for his wife or himself, how much his living expenses were and how much clothing was bought. Also automobiles or furs or anything else. That statement will reflect all of that in each particular year.

Mr. HALLEY. Why do you people loan Cohen such large sums of money? Let me reframe the question. Why do people loan Cohen such large sums of money?

Mr. SACKMAN. I couldn't tell, sir; I never associated with him or any of these people he borrowed money from.

Mr. HALLEY. Are you reasonably certain that these documents were written on the dates that they bear?

Mr. SACKMAN. They were phoned in to me.

Mr. HALLEY. This first note, "J. W. Federman, \$20,000," is it your sworn testimony that that was written on January 17, 1950; the date it bears?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Do you have anybody who could corroborate your testimony in that respect?

Mr. SACKMAN. On that particular document I am quite certain that is the handwriting of my secretary. She may have been sitting at my desk at that particular time. She probably heard me talk to him and wrote it right down while I was talking to him.

Mr. HALLEY. Whose handwriting is the one in that shows a loan from Federman saying "Phoned \$25,000 Federman"?

Mr. SACKMAN. That is my handwriting.

Mr. HALLEY. Did you know that Federman died 3 weeks ago?

Mr. SACKMAN. No, I didn't; I didn't even know the man. I never saw him.

Mr. HALLEY. You had never been told that he died?

Mr. SACKMAN. No.

The CHAIRMAN. Before you leave this, this letter of April 7, 1950, to Mr. Goodykuntz of the Intelligence Unit, it states that you are sending in a certified copy of Cohen's returns for 1940 and '41. It says that insofar as the calendar year of 1942 is concerned that your files disclose no knowledge of taxpayer having filed a return for that year. Is that still the situation?

Mr. SACKMAN. That is still the situation.

The CHAIRMAN. I do not think we particularly need this letter in the record.

Mr. HALLEY. No.

The CHAIRMAN. We will give you this letter back.

Mr. SACKMAN. Thank you.

Mr. HALLEY. When did the income-tax investigation of Mickey Cohen begin?

Mr. SACKMAN. When did it begin?

Mr. HALLEY. Yes.

Mr. SACKMAN. I would say that it began prior to the first of this year.

Mr. HALLEY. During 1949, was it in progress?

Mr. SACKMAN. The latter part of 1949.

Mr. HALLEY. During that time you represented him; is that right?

Mr. SACKMAN. Yes; that is right.

Mr. HALLEY. Do you know Donald Burcher?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Was he at that time on the staff of the Bureau of Internal Revenue?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. Was he one of the men who was investigating Mickey Cohen?

Mr. SACKMAN. No, sir; not to my knowledge.

Mr. HALLEY. Was he conversant with the details of the Cohen investigation?

Mr. SACKMAN. When he was in the Bureau, you mean?

Mr. HALLEY. Yes.

Mr. SACKMAN. Not to my knowledge.

Mr. HALLEY. What division of the Bureau was investigating Mickey Cohen?

Mr. SACKMAN. The Intelligence Unit.

Mr. HALLEY. Was Donald Burcher an agent of the Intelligence Unit?

Mr. SACKMAN. He was; yes, sir.

Mr. HALLEY. Did Burcher leave the Intelligence Unit in September of 1950?

Mr. SACKMAN. Yes, sir; he did.

Mr. HALLEY. Did he thereafter become associated with you?

Mr. SACKMAN. He did; yes, sir.

Mr. HALLEY. How soon after he left the Bureau of Internal Revenue in September of 1950 did Burcher become associated with you?

Mr. SACKMAN. He became associated with me as of September 1950.

Mr. HALLEY. What was the nature of the association?

Mr. SACKMAN. It was a partnership, on a 60-40 basis. I was to get 60 percent and he was to get 40 percent.

Mr. HALLEY. Of all fees; a general partnership?

Mr. SACKMAN. We didn't have partnership papers drawn yet, but it was supposed to be 60 percent to me, 40 percent to him, until he had \$30,000 worth of income, and then it was to be 50-50.

Mr. HALLEY. Did you discuss with Burcher the question of his becoming associated with you before he left the Bureau?

Mr. SACKMAN. May I tell you how it happened?

Mr. HALLEY. Would you just go ahead? Perhaps you would like to start at the beginning, as they say, and tell the committee the whole story.

The CHAIRMAN. Let's get Mr. Burcher's full name.

Mr. ROBINSON. Donald O. Burcher, B-u-r-c-h-e-r.



Mr. SACKMAN. I had another matter pending in the Intelligence Unit, which was in Mr. Burcher's group. This was about the early part of August of this year. Mr. Burcher told me that he attained an age of 50 years and that he had been in the Government service for 28 years, and that he was going to resign from the Intelligence Unit and go into business for himself.

Mr. HALLEY. He had been engaged in some business during the time that he was in the Intelligence Unit; had he not been?

Mr. SACKMAN. At that particular time I didn't know it.

Mr. HALLEY. You do know it now?

Mr. SACKMAN. He told me after he was associated with me.

Mr. HALLEY. In any event, you had these discussions prior to September of 1950?

Mr. SACKMAN. Yes.

Mr. HALLEY. Starting when?

Mr. SACKMAN. Well, it was about the first or second week in August.

Mr. HALLEY. Had you at that time been to Mr. Burcher's home?

Mr. SACKMAN. I was never to Mr. Burcher's home.

Mr. HALLEY. You still have never been there?

Mr. SACKMAN. Still have never been there.

Mr. HALLEY. Go ahead.

Mr. SACKMAN. Then when I came into his office the second time, about the middle of August, he said he had spoken to his wife and he had definitely made up his mind that he was going to resign from the service and go into business as a tax consultant. So at that particular time I said to him, "Donald, if you are going into business as a tax consultant," I said, "don't you think it might be a good idea if we joined forces?" He said, "Harry, I think it would be splendid." He said, "I will talk to my wife," He said, "In fact, I am going away on a vacation, but still I will give you an answer before I go away." So he called me up one day and he said, "I spoke to my wife and my wife is satisfied that I resign and then I go into business as tax consultant and I would like to talk to you about joining forces with you." I said, "Very well."

So he came to my office. We spoke about it. We drew a tentative agreement. He went on his vacation. He came back from his vacation and he showed me a copy of a letter that he had sent to Mr. Wolf, who was the head of the Intelligence Unit in Washington, advising Mr. Wolf that he is resigning to go into business for himself, and he also showed me a copy of a letter that Mr. Wolf had sent back to him, wishing him all the luck in the world and that he had served the Government faithfully and honestly and it was quite a letter of commendation.

Mr. HALLEY. Did you have any discussion concerning his business prospects, his ability to find clients?

Mr. SACKMAN. Yes; I did. He said he was well acquainted with quite a number of attorneys throughout the city here, throughout this area, and that he felt that he could bring in a substantial amount of business.

Mr. HALLEY. Did he have any retainers lined up before he came to you?

Mr. SACKMAN. No, sir.

Mr. HALLEY. What was your income from your accounting business last year?

Mr. SACKMAN. For the year 1949?

Mr. HALLEY. Yes.

Mr. SACKMAN. I believe it was somewhere around \$40,000. It wasn't just from the accounting business; tax and accounting.

The CHAIRMAN. Is that net?

Mr. SACKMAN. Gross.

The CHAIRMAN. Office expenses come out of that; is that right?

Mr. SACKMAN. Yes.

Mr. HALLEY. What was the net?

Mr. SACKMAN. Around \$20,000, I think; something like that.

Mr. HALLEY. For the year 1948, what was your gross and your net income?

Mr. SACKMAN. Around \$30,000 gross and, perhaps, around \$12,000 or \$15,000 net.

Mr. HALLEY. Under those circumstances, what was the basis upon which you justified to yourself assuring 40 percent of your income to a man who was about to resign from the Bureau of Internal Revenue and who had no assurance of any business whatsoever?

Mr. SACKMAN. The basis was this, sir: I am past 69 years old. I practically, you might say, figured that I was buying insurance. That is, when a man gets to that age bracket, he never knows whether he is going to get sick or otherwise. I figured if I would get sick I would still have my share of the business and otherwise the business is built around me, so if I were to get sick I might as well close up shop. Therefore, if I had a man who knew the tax business, he could carry on and I would still get my share of the business.

Mr. HALLEY. Burcher had been in the Bureau of Internal Revenue for over 20 years; is that right?

Mr. SACKMAN. That is what he told me.

Mr. HALLEY. Their salaries are very low, are they not?

Mr. SACKMAN. He told me he had grade 13. I think that carries around \$8,000 or \$9,000 salary.

Mr. HALLEY. How much is that again?

Mr. SACKMAN. I think that carries a \$8,000 or \$9,000 salary.

Mr. HALLEY. He was a very wealthy man, though; was he not?

Mr. SACKMAN. I never inquired. I don't know just as to his financial status.

Mr. HALLEY. Do you have any knowledge of the facts concerning his real-estate ownings?

Mr. SACKMAN. No. The only thing he told me was that he owned his home; that he had a place in Big Bear; and, I believe, he told me that he had another house some place around Balboa or Newport, somewhere around there. He just told me that in general conversation.

Mr. HALLEY. You do not know that he had very substantial means?

Mr. SACKMAN. I don't know, sir.

Mr. HALLEY. What other documents did you bring, Mr. Sackman?

Mr. SACKMAN. This subpoena asked me to bring books and records, ledgers, balance sheets, and so forth, for Phil Tapper, Irving Glasser—may I stop there? I had quite a number, a large quantity of records, for Irving Glasser, and some in which Phil Tapper, Irving Glasser, and several others—Jimmie Utley—and others were in the same business. So Irving Glasser yesterday afternoon, he came to my office and he said, "These are my records." I said, "They are your records?" He

said, "I have a subpoena for them." So he had a big corrugated box—it must weigh probably 200 pounds or more—with all of those records in it.

Mr. HALLEY. You are referring now to records of Irving Glasser?

Mr. SACKMAN. They are the records of some of the ventures that Glasser, Utley, and Tapper were concerned in.

Mr. HALLEY. What ventures did Glasser, Utley, and Tapper have together?

Mr. SACKMAN. Well, there were some bingo parlors in Ocean Park. One of them was called the Surf; another one they called the Lodge; another one they called the Rose; another one they called the Fortune. Then there was one in Stockton that they called the Lodge also.

Mr. HALLEY. Are those bingo games legitimate?

Mr. SACKMAN. It seems that the ones out in Ocean Park—it seems that the police commission issued a permit for their operation; whether the one in Stockton was legitimate or not, I don't know.

Mr. HALLEY. What other ventures were they in together?

The CHAIRMAN. Where is Ocean Park?

Mr. SACKMAN. That is out at the beach.

The CHAIRMAN. Is that in Los Angeles County?

Mr. SACKMAN. In Los Angeles City and County. It is the amusement park out at the beach there.

Mr. HALLEY. Let the record show that the chief of police, Mr. Parker, states they are not legitimate.

Chief PARKER. The operations were under a police commission permit, but our investigation of the actual operation convinced us that it was not a legitimate operation because they were going far beyond the permit. Those places have all been closed. Their permits were suspended and later they were withdrawn. They haven't operated now for a year. We believe it to be a lottery.

The CHAIRMAN. All right.

Mr. HALLEY. Go ahead; what else?

Mr. SACKMAN. Then there was one place up around San Francisco that they also had or were interested in—a bingo parlor.

Mr. ROBINSON. In San Mateo County.

Mr. SACKMAN. I wouldn't know which county it is.

Mr. ROBINSON. Let the record show that it was in San Mateo County.

Mr. HALLEY. Let's just go ahead. What other ventures did they have?

Mr. SACKMAN. Then there was a corporation known as the Flower Inn, of which I have the corporate records here. It was a hotel down at Del Mar.

Mr. HALLEY. Did it have gambling?

Mr. SACKMAN. That I wouldn't know, sir.

Mr. HALLEY. Do the records show whether it did or not?

Mr. SACKMAN. The records show no gambling.

Mr. HALLEY. What other ventures did they have?

Mr. SACKMAN. That is all I know of, that those individuals were in together.

Mr. HALLEY. What other records do you have here? Do you have an envelope for the Mickey Cohen records?

Mr. SACKMAN. Yes.

Mr. HALLEY. Why don't we keep those records in the envelope to preserve them?



Mr. SACKMAN. All right.

Mr. HALLEY. When we are ready to return them, we will return them intact. What is the next envelope you have?

Mr. SACKMAN. The next envelope I have has a number of partnership returns in it of which all of these people were associated in ventures.

Mr. HALLEY. May I see that?

Mr. SACKMAN. Yes, sir.

Mr. HALLEY. What were the ventures and who are the people you refer to?

Mr. SACKMAN. Tapper, Glasser, and Utley.

Mr. HALLEY. Take the first partnership return here of Miller, Le Bow—

Mr. SACKMAN. That has nothing to do with those individuals. That has to do with Miller.

Mr. HALLEY. That is a bookmaking establishment, is it not?

Mr. SACKMAN. I don't know what their business is.

Mr. HALLEY. It is called "dba Western Commissioners. Business or profession: Commission men."

Mr. SACKMAN. I was never in any of these places of business.

Mr. HALLEY. Well, what do you think it was; let's not beat around the bush.

Mr. SACKMAN. I am not going to beat around the bush.

Mr. HALLEY. What do you think it was? You filed a return here with no detail at all.

Mr. SACKMAN. Yes; there is some expense detail.

Mr. HALLEY. \$2,250,136 paid to customers; what could that possibly mean but bookmaking?

Mr. SACKMAN. It may not have been bookmaking; maybe they had baseball pools or football pools.

Mr. HALLEY. But it would be betting of some kind?

Mr. SACKMAN. That is right.

Mr. HALLEY. It had to be; isn't that correct?

Mr. SACKMAN. Yes.

The CHAIRMAN. Let's identify this file.

Mr. HALLEY. We are working now on the file of Miller-Le Bow-Shapiro and others. This is a file of all partnership returns, that is the first one for Miller-Le Bow-Shapiro-Boss and Rubin. Then we have a 1949 for Bridge Amusements. What is that?

Mr. SACKMAN. That is the bingo game. That was the one in San Francisco, I believe. That is the one for San Francisco; yes.

Mr. HALLEY. Then we have here Rose Bridgo, of Venice, Calif.

Mr. SACKMAN. I mentioned that to you before.

Mr. HALLEY. Is that the one that you do not think is legal?

Chief PARKER. It is one of 11 that were operated in the city of Los Angeles.

Mr. HALLEY. Was the lodge in Venice, was that a skill game?

Mr. SACKMAN. It was all the same thing.

Chief PARKER. Yes; they are all the same thing.

Mr. HALLEY. Is it bingo?

Mr. SACKMAN. Yes.

Mr. HALLEY. The partners here are Tapper, Owens, Kleiger, and Glasser.



Mr. SACKMAN. Which one is that?

Mr. HALLEY. The Lodge.

Mr. SACKMAN. Here are all of the partners. Here is a list of them, probably 20 of them.

Mr. HALLEY. Thank you. Then we have another Bingo Palace, in Stockton, Calif., that you have told us about, and various other partnership returns in these files. Now, I notice again this is limited to 1949.

Mr. SACKMAN. Yes; it is limited to the 9-month period. We all agreed this was ambiguous. I am willing to produce anything I have.

Mr. HALLEY. I tend to believe there may be an ambiguity in that subpoena and I am not in any way stating that you are at fault for not bringing the material, although it might have been simple to call Mr. Robinson rather than see an attorney.

Mr. SACKMAN. I didn't see the attorney especially for that. We talked on the phone about various matters.

Mr. HALLEY. We are going to need all your records on all of these people. I will ask the chairman to direct you to give them to the committee.

The CHAIRMAN. What are these other records you have?

Mr. HALLEY. May we have the direction for the record, Senator?

The CHAIRMAN. How many years have you been keeping the records?

Mr. SACKMAN. Well, sir, take for instance this Cohen, for 8 or 10 years back. Utley, for probably the last 3 or 4 years that I prepared his income-tax returns. Glasser, I have prepared his income-tax return for probably 8 to 10 years.

The CHAIRMAN. Supposing we leave it this way: You will produce what you have and we will send someone with you to go over the records with you. If there is something our man feels is not relevant or necessary then he will not bring it back with him.

Mr. SACKMAN. I am willing to cooperate.

Mr. HALLEY. What is the next envelope you have?

Mr. SACKMAN. The next envelope is the 9-month period for Hymie Miller. I have got it marked "Hymie M."

Mr. HALLEY. He is a bookmaker who has been arrested; is that right?

Mr. SACKMAN. I know he has been arrested.

Mr. HALLEY. He is under arrest for bookmaking; isn't that correct?

Mr. SACKMAN. I can't say.

The CHAIRMAN. Is that identified?

Mr. HALLEY. Yes. What have you next?

Mr. SACKMAN. Here is the 9-month record for Irving Glasser.

Mr. HALLEY. Next?

Mr. SACKMAN. These are payroll returns for this 9-month period for these various ventures that I have spoken to you about.

Mr. HALLEY. You mean the various partnerships, the bingo games and such?

Mr. SACKMAN. Yes, sir. Here is the 9-month record for Phil Tapper. Here is the 9-month record for Jimmie Utley.

Mr. HALLEY. I would like to hold off here on Utley. What business is Utley in?

Mr. SACKMAN. I really don't know; he also comes in. He doesn't give me much detail. I just prepare returns from the information submitted to me. I have never been in his business.

Mr. HALLEY. You have never been at his place of business?

Mr. SACKMAN. See, I am not their accountant. I just prepare their tax returns. I never see their books.

Mr. HALLEY. You are a tax consultant; is that right?

Mr. SACKMAN. Yes.

Mr. HALLEY. All right; we have Utley here. What is the next one?

Mr. SACKMAN. There may be some of the books on one or two of these bingo parlors that were kept in my office by one of my assistants.

Mr. HALLEY. Which did you keep in your office?

Mr. SACKMAN. I believe it was the books for the Fortune—no, I believe it was the books for the Surf and the Lodge, I believe it was. Now, here is an envelope for Edward G. Nealis.

Mr. HALLEY. What is the next one you have?

Mr. SACKMAN. May I call your attention to this, gentlemen, that there are several names on here, on the subpoena, that I know nothing of. For instance, you have on this subpoena Barney Ruditsky. The first time I ever saw the man was about an hour ago. I was introduced to him outside. I never did any work for him.

Mr. HALLEY. Who introduced you?

Mr. SACKMAN. Hymie Miller. I don't think I ever saw him in my life before or knew who he was. Then you have on this subpoena Associated Security Council. I don't know who they are. You also have on this subpoena Samuel Boss. The only thing I know about Samuel Boss is he was one of the partners in the Western Commissioners with Hymie Miller. The same thing for Michael Shapiro; I never did any personal work for him. Benjamin Teitelbaum; I have done no work for him and have no knowledge of what his activities were so I have nothing on him. I wanted to call your attention to that.

Mr. HALLEY. I notice that you do have some other records with you.

Mr. SACKMAN. Yes.

Mr. HALLEY. What are they?

Mr. SACKMAN. This all pertains to the corporation of the Flower Inn that was prepared by another accountant and sent up to my office last March.

Mr. HALLEY. You are referring to the Flower Inn?

Mr. SACKMAN. Yes. Inasmuch as the records were in my office, you asked for the 9-month period, so I brought them along with me.

Mr. HALLEY. That is the same Glasser and Utley group; is that right?

Mr. SACKMAN. That is right; yes.

Mr. HALLEY. What else do you have?

The CHAIRMAN. Do you want these?

Mr. HALLEY. I would like to take a look at them, sir.

Mr. SACKMAN. May I call your attention to some of these, gentlemen; may I have them back before the first of the year?

The CHAIRMAN. We will get them back to you before then.

Mr. SACKMAN. Let me see what I have here. These are some records of the lodge, the bingo parlor out at the beach, after they were closed by the authorities. They still had some expenses going on. This is the record after they were closed for the expenses still going on. They still paid rent and had some telephone bills, and so forth. These are records and work sheets, the accountant's work sheets, and so forth, for the lodge up there in Stockton.

Mr. HALLEY. Thank you.

Mr. SACKMAN. That is the extent of it.

Mr. HALLEY. When did you first meet Mickey Cohen?

Mr. SACKMAN. Oh, about 10 years ago.

Mr. HALLEY. Who introduced you?

Mr. SACKMAN. I can't recollect at this time who introduced me, but he came up to my office and asked to have a tax return prepared. I think the first return I prepared for him was for the year 1940. Sometimes these fellows come up to my office without an introduction and they want a tax return prepared. They sit down and give me the information. After I give them the third degree, so to speak, and try to throw the book at them and tell them what is required under the tax laws, and so forth, then whatever information they submit to me, from that I prepare a tax return.

Mr. HALLEY. How long have you known Jimmie Utley?

Mr. SACKMAN. I have known Utley for approximately 10 years, but only started preparing his returns for about the past 2 or 3 or 4 years, perhaps.

Mr. HALLEY. Who introduced you to Utley?

Mr. SACKMAN. I met Utley, oh, quite a number of years ago at a night club that used to be on Beverly Boulevard and Orange Grove. They called it the Century Club. It isn't there anymore.

Mr. HALLEY. Who introduced you?

Mr. SACKMAN. I was the accountant for that club and the man who owned it introduced me.

Mr. HALLEY. Who was that?

Mr. SACKMAN. His name was Mel Walters.

Mr. HALLEY. Who introduced you to Glasser?

Mr. SACKMAN. I met Glasser about 10 or 12 years ago. I think it was at the Clover Club. I am not quite certain, or it may have been at the Century Club, either one of those two clubs. I met him there at that particular time.

Mr. HALLEY. Who introduced you?

Mr. SACKMAN. It may have been Eddie Nealis.

Mr. HALLEY. Have you ever been in Mickey Cohen's home?

Mr. SACKMAN. I was in Mickey Cohen's home once with a revenue agent. The revenue agent called Mickey Cohen to have a talk with him about a year and a half ago, and Mickey told me the revenue agent was coming up there and I asked the revenue agent if it would be satisfactory for me to sit in. The revenue agent said, "Yes," and the revenue agent and myself, we met outside of Mickey's home, and we walked in together. That is the only time I was ever in his home.

Mr. HALLEY. Now, Mr. Robinson would like to ask you some questions about your indictment in connection with the Guarantee Finance Co.

Mr. SACKMAN. All right.

Mr. ROBINSON. You are familiar with the Guarantee Finance Co.?

Mr. SACKMAN. I only prepared one corporation tax return for them, a tentative report for the Guarantee Finance Co.

Mr. ROBINSON. What business were they in?

Mr. SACKMAN. The Guarantee Finance Co.?

Mr. ROBINSON. That is right.

Mr. SACKMAN. Well, as I say, I didn't do their tax work. They came to me; there were four individuals who came to me last March



and told me that the books and records of the Guarantee Finance Co. were seized by law-enforcement agencies. They asked me what to do about filing a corporation income-tax return. I told them, well, that they had better file some type of a return. They asked me if I would prepare that. It was only a matter of putting two or three figures on a corporation return. We filed a tentative return. That is all I did for the Guarantee Finance Co.

Mr. ROBINSON. Did you testify at a hearing before the public utilities commission that they were in the commission business?

Mr. SACKMAN. The Guarantee Finance Co.?

Mr. ROBINSON. Yes.

Mr. SACKMAN. What I had reference to was the four individuals, the collection agency, sir.

Mr. ROBINSON. Do you remember the occasion when the corporation commissioner moved in on the premises of the Guarantee Finance Co.?

Mr. SACKMAN. I do; yes.

Mr. ROBINSON. Did you put in your appearance up there that day?

Mr. SACKMAN. They called me at my office and asked me to come out; yes.

Mr. ROBINSON. Did you have a conversation with Mr. Birchfield of the corporation commissioner's office?

Mr. SACKMAN. No. The only conversation that I can recollect I had with Mr. Pierce.

Mr. ROBINSON. Did you tell Mr. Pierce at that time that you had been after Mr. Kobey to separate the loan and the other business before he got into trouble?

Mr. SACKMAN. Say that again, please.

Mr. ROBINSON. In your conversation with Mr. Pierce, didn't you say that you had been urging upon Mr. Kobey a separation of the loan business, as distinguished from the other activities conducted there?

Mr. SACKMAN. I wouldn't say that I made that statement. Now, pardon me, let me get the story straight. Pierce told me that they were conducting a bookmaking business there. I said to Pierce if they were conducting a bookmaking business that they were just darn fools. They should have never brought the bookmaking business into a finance corporation office.

Mr. ROBINSON. In connection with the Guarantee Finance tax matter, did you make a trip back to Washington?

Mr. SACKMAN. Not in connection with the Guarantee Finance tax business; no, sir.

Mr. ROBINSON. You went back to Washington shortly after the tax matter came to a head?

Mr. SACKMAN. I went back to Washington; yes, sir.

Mr. ROBINSON. Who did you contact in Washington?

Mr. SACKMAN. There was a Mr. Teddy Hayes; he was in the public-relations business in the National Press Building. I did not contact him relative to tax matters.

Mr. ROBINSON. Did you stay in New York prior to your going to Washington?

Mr. SACKMAN. No; I think I went to New York after I went to Washington.

Mr. ROBINSON. While you were in New York, did you call Mr. Joe Stacher of New Jersey?



Mr. SACKMAN. I think I did.

Mr. ROBINSON. Who is Mr. Joe Stacher?

Mr. SACKMAN. He was a party I met out here.

Mr. ROBINSON. Can you further identify him?

Mr. SACKMAN. He came up to my office. I met him out here. He was introduced to me by Mr. Nealis and he said, "Anytime you are in the East give me a ring and we will spend a night together," which I did.

Mr. ROBINSON. Did Mr. Nealis have any connection with the International Sweepstakes conducted in Mexico?

Mr. SACKMAN. That was such a messed-up affair that I couldn't state positively whether or not he did.

Mr. ROBINSON. Did Mr. Teddy Hayes have any connection with it?

Mr. SACKMAN. Not to my knowledge. Mr. Hayes was in charge of an advertising agency there. Mr. Nealis told me that he was there to produce pictures. He had a Mexican corporation.

Senator TOBEY. You say you met Stacher one night and then he asked you to spend a night with him?

Mr. SACKMAN. Yes.

Senator TOBEY. How long had you known him when he asked you to spend the night with him?

Mr. SACKMAN. He didn't ask me to spend the night with him; he asked me to spend an evening with him if I was in New York.

Senator TOBEY. How long did you know him when he asked you that?

Mr. SACKMAN. The second time.

Senator TOBEY. What is his business?

Mr. SACKMAN. I don't know.

Senator TOBEY. What did he come to see you about in your office?

Mr. SACKMAN. He didn't come to see me about anything in my office. He walked in with Mr. Nealis.

Senator TOBEY. That is all you knew about him?

Mr. SACKMAN. Yes, sir. I never knew or heard of the man before that.

Senator TOBEY. Have you seen him since then? Did you spend an evening with him?

Mr. SACKMAN. Yes.

Senator TOBEY. Have you seen him since then?

Mr. SACKMAN. Yes, I have.

Senator TOBEY. Where did you see him?

Mr. SACKMAN. During a Labor Day holiday. I have a client who has a home at Lake Tahoe, and we happened to drive into Reno from Lake Tahoe and we stopped off at the Golden Hotel. My wife was with me and my client's wife was with him. We stopped off at the Golden Hotel at Reno and I ran into Joe Stacher.

Senator TOBEY. Have you seen him since then?

Mr. SACKMAN. No.

Senator TOBEY. Is he a straight and honest man?

Mr. SACKMAN. I don't know.

Senator TOBEY. What did you think of him? Did he seem like a crook to you or an honest man?

Mr. SACKMAN. I didn't have any business dealings with him.

Senator TOBEY. Did he look like a crook or a straight-shooter? Did you spend two or three evenings with him? You did spend two or three evenings with him, did you not? How did you size him up?

Mr. SACKMAN. He is a good talker and he sounded to me like a good businessman.

Senator TOBEY. When you went to Washington did you go on some tax matters?

Mr. SACKMAN. No; when I went to Washington I went to see Mr. Hayes. I stopped off in Washington and I went on another matter.

Senator TOBEY. Have you ever been to the Internal Revenue Department in Washington at any time?

Mr. SACKMAN. No.

Senator TOBEY. Do you know any of the officials there?

Mr. SACKMAN. No.

Senator TOBEY. Do you know a man named Gruenwald?

Mr. SACKMAN. I do not.

Mr. HALLEY. On what matter did you go to see Mr. Hayes?

Mr. SACKMAN. Mr. Hayes was in the public-relations business and he had the exclusive right, shall we call it, on a Louis B. Mayer ranch. Louis B. Mayer wanted to sell his ranch. Mr. Hays wanted to know if I knew anybody that had enough money to buy the Louis B. Mayer ranch. Mr. Hayes was dealing with some people, I think, in Connecticut also, that he had a lot of surplus trucks, jeeps and what not, of that description. He was representing these people in Connecticut. He wanted me to be his western representative to sell that surplus property out here. Then here was another party that had sort of an island outside of Washington on the Potomac River and he wanted to built sort of a Riviera there and he asked me if I could get people to finance it; western people to finance that.

Senator TOBEY. What is the name of that person?

Mr. SACKMAN. The person that had this?

Senator TOBEY. Yes.

Mr. SACKMAN. I can't recollect it at the moment.

Mr. ROBINSON. Was it Colonel Bradley?

Mr. SACKMAN. No; I can't recollect it at the moment. Then there was some big real-estate outfit here that had written Mr. Hayes to see if Mr. Hayes could get the Government to hire offices and build buildings out here. Mr. Hayes turned that letter over to me. So, therefore, Mr. Hayes made me his western representative.

Senator TOBEY. What is his first name?

Mr. SACKMAN. Teddy.

Mr. HALLEY. Now, in Reno, did you ever know of the gambling establishment run by Graham and MacKay?

Mr. SACKMAN. I have known of it; yes. I never did any work for them, though.

Mr. HALLEY. Did you know whether or not Joe Stacher had bought an interest in that establishment?

Mr. SACKMAN. Not to my personal knowledge; it was just hearsay.

Mr. HALLEY. How did you apply that hearsay?

Mr. SACKMAN. When I was up there in Reno that evening, when we stopped off, and I ran into him in the Golden Hotel.

Mr. HALLEY. Stacher told you he had acquired it?

Mr. SACKMAN. Yes, sir; he told me they acquired an interest.

Mr. HALLEY. So you, at least, know Stacher is in the gambling business; is that correct?

Mr. SACKMAN. I know he is in the gambling business from that one night of observation in Reno. Now, whether or not that is true I don't know.

Mr. HALLEY. He told you he was?

Mr. SACKMAN. He told me he acquired an interest.

Mr. HALLEY. Why were you so hesitant in telling the committee whether or not you knew his business. You said you didn't have the faintest idea of what his business was. You said you just didn't know. How else do you know what his business is except from what he tells you?

Mr. SACKMAN. I try to find out from my personal knowledge.

Mr. HALLEY. The man told you he was in the gambling business; did he not?

Mr. SACKMAN. Pardon me. He told me he bought an interest in the Golden Hotel; that is what he told me. Now, the Golden Hotel does have gambling in it, yes; but it is possible, without knowing, it is possible that he may have let out the gambling concession.

Mr. HALLEY. Isn't it a fact that every one of your clients whose records you have brought in here today was in the gambling business?

Mr. SACKMAN. I wouldn't know of my own knowledge because I never was in their places of business.

Mr. HALLEY. But you think so, do you not? What is your state of mind?

Mr. SACKMAN. You are asking for a state of mind, are you?

Mr. HALLEY. Yes.

Mr. SACKMAN. If it is just a state of mind I will say "Yes."

Mr. HALLEY. Your state of mind is that you knew they were in the gambling business?

Mr. SACKMAN. But not of my own knowledge; I did not see them.

Mr. HALLEY. That is understood.

Mr. SACKMAN. Yes.

Mr. HALLEY. Do you have any clients who are not in the gambling business?

Mr. SACKMAN. Yes; many clients.

Mr. HALLEY. Who was the client at Lake Tahoe you were seeing on this occasion when you met Joe Stacher?

Mr. SACKMAN. He is an automobile dealer.

Mr. HALLEY. What is his name?

Mr. SACKMAN. Art Waldorf.

Mr. HALLEY. This was at Lake Tahoe?

Mr. SACKMAN. Yes; he owns a house at Lake Tahoe, but his business is in Los Angeles.

Mr. HALLEY. I have no further questions.

Senator WILEY. No questions.

Senator TOBEY. No further questions.

Mr. HALLEY. Mr. Sackman, today we want all of Mickey Cohen's records and certainly all of Jimmie Utley's records, everything for both of them. Then, if you have time after that, we would like the rest of the records. The first records we want you to pull are Mickey Cohen's, which we want delivered here, in any event, today, and then as many of Utley's records as we can get today, and then as many other records as we can get today.

The CHAIRMAN. Mr. Van Brunt will go with you, Mr. Sackman.

Mr. SACKMAN. After I deliver these records, then I don't have to come back?

The CHAIRMAN. Not unless you are called again. That is all, Mr. Sackman.

Our next witness will be Chief William Parker, of the Los Angeles Police Department. We can also have Captain Hamilton testify at the same time as Chief Parker is testifying. We can swear them both together.

Mr. Parker and Mr. Hamilton, do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PARKER. I do.

Mr. HAMILTON. I do.

**TESTIMONY OF WILLIAM H. PARKER, CHIEF OF POLICE, AND CAPT. JAMES E. HAMILTON, POLICE DEPARTMENT, LOS ANGELES, CALIF.**

Senator TOBEY. What is your job, Mr. Hamilton?

Captain HAMILTON. Commanding, intelligence department, administrative bureau, Los Angeles Police Department.

Mr. HALLEY. Chief Parker, when did you become head of the Los Angeles Police Department?

Chief PARKER. August 9, 1950.

Mr. HALLEY. What was your occupation prior thereto?

Chief PARKER. Deputy chief of police, and immediately prior to appointment of chief was commander of the patrol bureau for 21½ months. Immediately prior to that, commander of the bureau of internal affairs, which was a new bureau instituted to inquire into the conduct of members of the police department and to handle disciplinary problems.

Mr. HALLEY. Captain Hamilton, how long have you been head of the intelligence unit?

Captain HAMILTON. Since May of this year.

Mr. HALLEY. When was that unit set up?

Captain HAMILTON. That was set up, I believe, in August of 1949.

Mr. HALLEY. What did you do prior to May of this year?

Captain HAMILTON. Chief investigator for the police commissioner.

Mr. HALLEY. You have been cooperating closely with this committee, I understand, since you have been in that intelligence unit?

Captain HAMILTON. I tried to use your good offices for information whenever we could and also to furnish Mr. Robinson all the information he might be interested in.

Mr. HALLEY. I understand it has been a two-way street, and I have seen a lot of information that you have supplied. Chief, what is the situation in Los Angeles today?

Chief PARKER. The situation in Los Angeles today is probably better than any other comparable city. It is true that we have a large number of individuals in the community, that have migrated here from elsewhere, that would like to get into racket operations. We are doing everything in our power to prevent it.

(Discussion off the record.)

Mr. HALLEY. The question was, some time back, to tell the committee about the situation now prevailing in Los Angeles.



Chief PARKER. Of course, the individuals connected with organized crime have not been my direct concern in the police service until my appointment as chief of police because my particular assignments did not give me primary responsibility for their activities.

Mr. HALLEY. Would Captain Hamilton be better equipped to answer the question?

Chief PARKER. Probably not, because Captain Hamilton has only had the intelligence section for a few months. I think I can probably answer your questions, but I want to preface my remarks by saying that I do not have the intimate knowledge of some of the operations through the past years.

Up to the time that the Shaw administration was recalled from office, there is little doubt but what this city operated controlled vice. It was done by centralizing the responsibility for vice in one squad or unit. In the patrol divisions all that an officer was required or was supposed to do was to make a report on a prescribed form and send it in to headquarters in the event vice operations were observed. Then the central vice squad would handle the complaints. Under that system they were able to dominate the situation and let those operate they wished to let operate.

The CHAIRMAN. Is this prior to 1949?

Mr. PARKER. Yes. The recall came in 1939, when a bomb was placed in the car of a man by the name of Harry Raymond and blew up his automobile, his garage, and almost killed him. Then came the recall. Ma or Bowron went into office.

Then there was a change made in the handling of vice in the police department, and each patrol division commander—and there are 12 of them that blanket the geographical area of the city—became responsible for vice repression in his area.

In addition to that, we have an administrative squad that is the guaranty to the chief of police that vice operations are not permitted to operate. They are the squad that survey the entire city and determine that the divisional vice squads are doing the job. In the event they are not, they operate directly and oftentimes lend assistance to divisional vice squads for problems that arise if they are not equipped to cope with the problem.

From that time on, the vice situation has been hit or miss. There has been no real organization, although I do think that the police department went into a lethargic state for a period of time. When General Worton came into office as a temporary chief of police, I was then brought in from exile to assist him. At that time there were three different gangster squads working in the department. They seemed to be working at cross purposes; the information they carried in their own minds; and there was no centralized files.

In fact, generally they carried their information in the back end of their automobiles. We were not happy about the manner in which they worked on these so-called underworld characters. So my direct knowledge will start back about a year.

The administrative intelligence unit was created. It was organized to assemble information on racketeers and to prepare dossiers on all of these people who came to our attention. We began a different type of operation in what we called arm's-length surveillance, which means our men do not fraternize with the people they are investigating and

only contact them when they desire to interrogate them on official matters, but keep them under surveillance.

(Discussion off the record.)

Chief PARKER. I would like to explain a little bit about our problems, so you can better understand our effectiveness. A survey from the Association of the National Chiefs of Police indicated this city should have 3 policemen for each 1,000 inhabitants, and that would give us a force of approximately 6,000. In the current budget we were authorized 4,494, but insufficient money was appropriated to hire that number. There is no deficit financing in municipal governments in California. There is a constitutional provision against it.

So that at the present time our force is down to 4,169 policemen as against what we believe should be a need of 6,000. When you examine into the deployment of this group, you find 1,000 men are on days off every day of the month because 8 days off a month are allocated to policemen, so that cuts out 25 percent of our force every day. We have 453 square miles to police and 2,000,000 people. We have about 1,000 men assigned exclusively to traffic duties, so it begins to dwarf your department down to a small group.

In the patrol divisions there will be anywhere from three to nine men assigned to vice for a 24-hour operation. Some patrol divisions are large, like the San Fernando Valley, which covers some 200 square miles. That is beginning to be the mecca, I might say of the underworld group. They are moving in that direction because of the great area and the sparsity of policing.

We have assigned to intelligence, which is now a division under a bureau of administration which I created on the 11th of this month, and there are assigned 1 captain, 2 lieutenants, 10 sergeants, and 25 policemen; they are doing nothing but organized crime.

(Discussion off the record.)

Senator TOBEY. What does the average patrolman get, Chief?

Chief PARKER. Their starting salary is \$290 a month, and they get automatic raises for the first 3 years to a maximum of \$340 a month. That is another element.

Our selectivity is the highest in the Nation. I would like to point out that in the last examination 2,387 men took the written examination, and only 17 got a passing grade. We took advantage of the release of these men from the Armed Forces after the end of hostilities in World War II, and we have employed over 3,000 men of that caliber. Now we are unable to get men of equal caliber. They are not responding to the examinations, and we have been unable to get Washington to defer our men. We have lost over 200 back to the services of the Armed Forces.

Senator TOBEY. Do you use policewomen?

Chief PARKER. Yes; about 100. We maintain a jail of about 2,000, and that has to be manned out of this group of policemen that I am talking about. We have legal handicaps.

This locality is probably more conscious of their constitutional rights than any place in the Nation. They are constantly indicting policemen. Our men are instructed not to tap wires even if the place is running wild with criminals.

I am trying to make the request to the legislature to give us a law similar to the one that New York has whereby, with judicial process, wires can be tapped.

Of course, this bookmaking thing, it is very hard to combat because of that same feature, that we cannot go in on their telephones.

Senator TOBEY. No one knows that, do they?

Chief PARKER. They all know that. They all have very good attorneys, and they know everything about the laws. So we have those handicaps.

If this committee could see fit to give some small support to giving the policemen more tools to work with, it would be appreciated, although I know that you are interested primarily in matters involving interstate activities; nevertheless, telephone activities are interstate.

If you examine Mickey Cohen's telephone records, it would amaze you. I think the last time I looked at them I concluded that my salary would not pay his telephone. His contacts run all over the United States. I do think we should be able to go in on those wires and find out exactly what these people are doing and to whom they are talking.

Senator WILEY. What does the New York law provide?

Chief PARKER. I understand they can make application to a court, similar to seeking a search warrant, and lay information before the court which would justify the issuance of an order permitting the tapping of a wire.

Senator WILEY. An ex parte application, you mean?

Chief PARKER. Yes.

(Discussion off the record.)

Chief PARKER. I would like to mention another factor and then pass on to something else. That is our inability to get information, such as we have just listened to, on income-tax returns. That is a terrific handicap to local law enforcement, to be deprived of that.

Mr. HALLEY. Don't you have the power of subpoena?

Chief PARKER. No; except through the grand jury or the district attorney.

Mr. HALLEY. They could do what we did here. You don't need an act of Congress to do that.

Chief PARKER. From individuals, yes; but, as I understand the Federal policy, they will not release information.

Mr. HALLEY. You get the accountant. You can get him; any State authority can get the information by getting the accountant in.

Chief PARKER. The police department hasn't that authority. They can tell us anything. We can't swear a witness or they can tell us nothing, if they so desire. We have no way of getting the information from them, and we do not use third-degree tactics.

(Discussion off the record.)

Chief PARKER. One other problem we had here locally was quite an abortion racket in the State, which the State crime commission knows about, and that was all exposed by our department in the bureau of internal affairs when I commanded it. That all came about when we were attempting to verify an alleged attempted shake-down.

The CHAIRMAN. Does that have interstate aspects?

Chief PARKER. At one time it looked like it might have international aspects, but I don't think you would be too interested in it. There was considerable evidence of graft, but we were unable to trace the money again as to where it went.



Mr. HALLEY. You were rather anxious to say something about the Guarantee Finance.

Chief PARKER. I wanted to point out that we got records from the California crime commission, which they gave us the names of all members of our department who apparently were on the books as having borrowed money. There were about a half dozen, and we checked them all through, and we tried two men before the board of rights as a result of their contacts with the company, and we lost one case because of lack of evidence. We convicted Sergeant Sumner for attempting to collect checks that had been sent back from the bank to the Guarantee Finance Co. He was suspended for 90 days, and during his suspension we bugged his apartment, and he was working for the Guarantee Finance Co. as a collector, and we trailed him for several days as he made the collections from bookmaking establishments in the county. That is, at the end of the day they would settle their accounts up, and the following morning he would go out and pick up the money and bring it back to the company. We tried him again before a board of rights. In the middle of the trial he resigned. So that cleaned us out as far as the Guarantee Finance Co. was concerned. I don't believe that any member of our department is in any position to assist the Guarantee Finance Co. materially. I think that was your same conclusion when we talked about it before.

Mr. ROBINSON. Yes.

Chief PARKER. That any of the pay-off money that was paid by them did not come to members of the police department.

Mr. ROBINSON. I think the record should show that Chief Parker at that time was in charge of the investigation of the board of rights and immediately came over to the crime commission on the Guarantee records.

Chief PARKER. We went into every one of those cases. In line with some questions that were asked this morning, we discipline a large number of men in our department. Our removals will run about 10 a year in addition to numerous suspensions, and we have 12 key investigators, hand selected, who do nothing but investigate the conduct of our personnel. While we don't possibly come out with 100 percent justice, we certainly try to.

We have prosecuted about four criminally in the last year. We are definitely trying to do the best job which any enforcement agency is capable of doing. I think we are making headway, and with more committees like this it will be of considerable assistance to us.

(Discussion off the record.)

Mr. HALLEY. Are there any known or suspected gambling or book-making places in Los Angeles County that you can tell us about?

Chief PARKER. What we are doing now is sending all information we get on any violations anywhere in the county, or other cities in the county, to this combined vice squad that the sheriff and district attorney have created.

Mr. HALLEY. When was it created?

Chief PARKER. About 2 months ago.

(Discussion off the record.)



Chief PARKER. I would like to explain to this committee that I have a pretty heavy job in administering a department of 5,000 employees, spending \$20,000,000 a year. There is a lot of work that deprives me of the opportunity of becoming intimately familiar with all of the facts in the operation.

The information that I am getting is, the bookmakers are very unhappy in Los Angeles. One man told me the other day a bookmaker he knows is moving about every 3 days. He will say, "Don't call me for a couple of days."

We have a new ordinance in the city which makes it a misdemeanor to possess evidence of having placed or accepted a bet, a betting marker ordinance, in order to make it a little easier to prosecute.

Remember bookmaking is a felony in California. It provides for a 30-day sentence in the penitentiary, believe it or not, but I don't know that anyone has ever gone there.

You know what evidence you have to have to go through preliminary hearings in trials in the superior court on a gambling operation. Sometimes it is extremely difficult. Judges may be unsympathetic.

(Discussion off the record.)

Mr. HALLEY. Is there anything else you would like to tell the committee?

Chief PARKER. I have rambled a great deal and probably have taken up too much time. All I can do is tell you that I am dedicated to getting rid of these people. I would like to say this: That they move in on us faster than we can identify them. It is a common thing for them to come from other parts of the country, with considerable means, and buy homes in nice neighborhoods and settle down and appear to be law-abiding people. We don't know anything about their presence.

We are into some things—I believe your committee is working on some of these things, in connection with some hotel chains. We were interested a couple of weeks ago in the ownership of the Spring Arcade Building and the Hayward Hotel.

We find a very peculiar situation in that outfits with the brains of financial wizards, like that of the Capone mob, like Evans, we find them in the picture. Those things are disturbing to us.

The CHAIRMAN. What is this that you are referring to again?

Chief PARKER. The Spring Arcade Building and the Hayward Hotel. It is a hotel located at Sixth and Spring, a rather large hotel.

The CHAIRMAN. What is the other one?

Chief PARKER. The Spring Arcade Building Corp. That is the name of an office building on Spring Street.

Senator WILEY. Are they all California corporations?

Chief PARKER. Yes.

The CHAIRMAN. Who has moved in on that?

Chief PARKER. A group of people from Chicago, including a man by the name of Evans or his wife, Matilda Evans, and Evans was the financial wizard of the Capone mob.

(Discussion off the record.)

Chief PARKER. Before I leave, gentlemen, I would like to express on behalf of the mayor his regret, because of his inability, to appear before the committee.

You, undoubtedly, know he submitted to a rather serious operation a few days ago and is still confined to the hospital.

The CHAIRMAN. We understand that. Will you express our hopes that the mayor has a speedy recovery and give him our very best wishes? Our thanks to him for everything, and to you and Captain Hamilton for appearing here today. You have given the committee very much valuable information.

Chief PARKER. I think I might point out another thing. There is no political organization that controls this city such as you find in other cities, and that is why our politics are so hectic here. There is absolutely no political organization.

It is a city without political organization, and it has a direct bearing on this sort of thing. Without a political organization in control, there is no opportunity for the underworld to get control of the political organization or organizations. It has been a distinct asset from the standpoint of the police department.

We have in this community a situation where a police officer may go out and arrest anyone upon whom he has evidence, and they all know that, without fear of any recrimination whatsoever. It is a very healthy situation.

Now, I mean by that if friends of mine are arrested and they say, "I know Chief Parker," that doesn't mean a thing to the police officer. I think that is a situation that is unique here in America.

We have a fine department, gentlemen, but it is undermanned; but as they gain greater experience we are going to do a better job and we are going to relentlessly pursue this situation to the best of our ability.

As Captain Hamilton pointed out to you, they come in here and we don't know them. They invest the money they made, God knows how, in legitimate enterprises, and we can't prevent that.

We suspended the police permission permit on a second-hand group down at the south end, who were doing a million dollars worth of business a year and both owners of that group have eastern records. It was suspended because of three transactions which were not reported and one included the purchase of stolen lead from a naval employee. Those people just recently moved their operation into the city of Los Angeles.

The CHAIRMAN. Who are they?

Chief PARKER. I don't remember the names, but we have letters from the big steel companies, letters of commendation. They are fighting us in court, these individuals whose permits were revoked, right now. That is what we are faced with, and we are just a group of police officers.

Senator WILEY. This just comes to me: You appreciate fully the jurisdiction that the Federal Government has. What suggestions do you have whereby the Federal Government can, through legislation or otherwise, more than what we are doing, be of assistance in seeking,

first, to clean up the mess, and what I think is most important, to arouse the conscience of the community in which conditions exist so the community also will take hold.

Chief PARKER. That is extremely important because the dignity of your committee and its national significance is such that it is a news item. Your expressions, whether they be good or bad, are taken quite literally by those who read them. You have an opportunity to give support to those agencies that you see are doing justice or condemn those you believe should be condemned. That is very important, whatever this committee says. We need the support of the public in what we are trying to do, and that is very vital.

If grand juries don't indict, if juries don't convict, we waste our time; and if people don't give us information that hurts us too.

On the other hand, if we do then we are going to make progress, if we receive support from the public and support from committees like yours. On the other field of legislation, I think there should definitely be a Federal law prohibiting the transmission of gambling information from one State to the other, the lay-off of bets, and the utilization of any means of communication.

I believe there should be a Federal law, which would permit the interception of any means of communication, telephonic, telegraphic, radio or otherwise, in order to determine whether or not the laws are being violated.

It goes without saying that a shipment of gambling equipment—practically all of the crooked gambling equipment is made in Chicago. They make crooked dice and crooked roulette wheels and slot machines and they even publish catalogs about it. That might be subject for concern as far as Federal legislation is concerned, on the basis of interstate commerce.

Those are about the only suggestions I think of at the present time.

Captain HAMILTON. My bet, since we are dependent on the exchange of information, particularly from the East, is to find out about these people coming out here. Now, there is no central Federal agency in the United States that is interested in organized crime locally. I believe the nearest we have is Commissioner Anslinger of the Narcotics Bureau. I find they are far more conversant with the people we are interested in than any other agency in the United States.

For example, here in Los Angeles the Federal Narcotics have only three men, but they have more information for three men than anyone I have ever known of. I can't see how they assemble the information that they do. Most of our exchange of information is done on a personal basis with individuals throughout the United States. A Federal central agency for the compilation and exchange of this information with their officers in the field would be a great help to any local enforcement agency that really wants to do something about crime.

Senator WILEY. Do you have any definite suggestion?

Captain HAMILTON. Just the expansion of a now existing agency.

Senator WILEY. The FBI?

Captain HAMILTON. The FBI so far has not been interested in this type of individual that we are talking about.



Chief PARKER. They are in a good position to assist us because they have all of these criminal records.

Senator WILEY. I have often thought about it myself. What you mean is while they wouldn't have jurisdiction they could just as well, if they were given the authority, give information in relation to those matters?

Captain HAMILTON. Yes. Heretofore in most instances with the Federal agency it is a one-way road on information. We gladly give them all the information we can assemble to try and rid ourselves of any characters or help someone else rid themselves of characters. It is too much of a one-way road.

Their files are not open to scrutiny by local officers and I can understand their position: it is a matter of knowing who you are dealing with in every instance, but it is a definite handicap to an area such as this area, which is so big, which has the big transient problem and the constant influx of hoodlums from all over the country. It is axiomatic in eastern cities, when the snow flies the hoodlums fly with the snow. They go to Miami or come to Los Angeles. I have talked to many officers back there about that.

Their crime decreases in the winter and ours increases. We are in a position that we need that information much more than your eastern cities need it.

You do not have, as you gentlemen know, the transients in your eastern cities in proportion to the population that we have out here. Until we can have such a source of information we are spending too much of the taxpayers' money to get it in our way, what little information we do get. If there were such an agency created for that exchange of information, it would be cheaper to get the information than it is now and it would be much more beneficial.

Chief PARKER. I think that same factor would apply to some sort of control, access to Federal income-tax returns. At the present time, as I understand it, it must be a request from the governor of the State or the President of the United States to get that information.

Senator WILEY. What about your State?

Chief PARKER. We can probably work that out since they are becoming interested in that phase of it.

The CHAIRMAN. We are very grateful to both of you gentlemen.

Mr. HALLEY. Captain Hamilton is to bring in some records tomorrow morning. You will bring in the toll calls and the county spots that you know of in the last 2 years and your report on the surveillance of Mickey, and the people he saw.

Chief PARKER. Any information that you fellows get that would help us, locally, in prosecuting some of these people we would appreciate.

The CHAIRMAN. Very well. We will now call in the press.

#### PRESS CONFERENCE

(Whereupon the following proceedings were held in open session:)

The CHAIRMAN. Ladies and gentlemen of the press, this afternoon we have spent a great deal of time with Mr. Harry Sackman, who is



the public accountant and tax consultant for Mickey Cohen, and who for some time has kept Mickey Cohen's records and books. Also amongst many other customers of his are Phil Tapper, Jimmy Utley, Irving Glasser, and Hymie Miller.

As to Mickey Cohen, I think the most interesting part of the testimony—we have a fairly voluminous record on it—that Mr. Sackman has brought in some of these records, all of them being brought in under subpoena. He brought them under subpoena duces tecum. The most interesting part of the record about Mr. Cohen is that he has not reported very substantial income. His expenses have been quite substantial, and over a period of years he has been showing that he borrowed very substantial amounts of money from various and sundry persons, in excess of \$140,000 in 1947; in excess of \$50,000 in 1948 and '49, and in excess or about \$60,000 so far this year. The purpose, of course, is to be able to balance his income with his outgo or to make it more nearly so.

As to these other men who have been mentioned, they have operated, have extensive operations or have had, at Stockton and San Francisco, of bridge and bingo games, permits for which were withdrawn about a year ago by the chief of police of Los Angeles.

Their income from these operations was quite extensive and we are going into the matter further.

We have had before us at great length, and a staff of our committee has been working with Chief Parker and Captain Hamilton of the police department for many months, tying in interstate links between people operating here and in other sections of the United States: Chicago, Brooklyn, New York, and New Jersey among other places.

The feeling of the committee is that Chief Parker and Captain Hamilton are capable and intelligent men, who are determined to do a good job and who are bringing about considerable improvements, substantial improvements, to the Los Angeles police force. They state they do have some difficulty, but because of the influx of people into this section, very frequently racketeers or gangsters may come here and they come faster than they can identify them. They first pose or go into business as being respectable citizens and later on they find out they have racket connections. They seem to be doing very well with the staff that they have, according to all of the studies of the police department. With their population they need about 6,000 policemen. They have about 4,169; which is not sufficient.

They feel that the combined unity of the city and the county, which was inaugurated about 2 months ago, for the purpose of exchanging information and working together for the elimination of organized criminal activities in the city and county, has been fairly successful and is doing well.

They have told us the background of Mickey Cohen, Jack Dragna, the Sica brothers, and many others who have had—or are operating in Los Angeles. They say that they think they have most of the big-time gambling fairly well under control, but one difficulty they are having is they have now started making collapsible crap tables which can

be carried in the back of automobiles. They take them to a private home and the operators will get their customers to this home for a 3- or 4-night stand or a week's stand, and then move on somewhere else. It is a collapsible table, but when put together it is a full-sized table and fits into the back of an automobile.

We have discussed with them information that they have about organized crime in this whole section of southern California. They say that they have information which fits in with our Chicago inquiry: that Jack Dragna did go to Chicago to see about his difficulties with the Illinois Sports News, which is the Continental outlet there. At the time they dropped him from a \$500-a-week job, which was some time prior to that time. The Illinois Sports News is an outlet of Continental and they had been paying him \$500 a week for the purpose of gathering information that he put it on the wires for Continental.

Mr. HALLEY. There was some publicity about it and that fact came out into the open and they dropped him.

The CHAIRMAN. The police department had seized his records. These officers say, where they used to have trouble with labor racketeering in this section of the country, they felt that the AFL and the CIO were stable and that certain elements had been ousted by the CIO, and there was no real evidence of labor racketeering in the unions in Los Angeles at the present time.

They told about some difficulties they were having with prostitution, particularly the call houses. They went into length of the great amount of difficulty that they were having, and quite intelligently so, I think, in recommendations as to things this committee should be interested in. They recommended from the viewpoint of local enforcement that the elimination or at least putting some blocks or delay in the giving of racing information would be of great value to them in preventing bookmaking. They feel that the shipment of gambling devices should be prohibited in interstate commerce.

The chief and Captain Hamilton stressed the necessity of authorizing some Federal agency or creating some Federal agency for the purpose of disseminating information about organized criminals and crime to the local enforcement officers. They suggested, whereas the FBI does not now have this jurisdiction and is not especially interested in such things as gambling and the organized rackets growing out of gambling, that it would be of tremendous assistance if they could more readily get information from some central Federal agency.

Chief Parker also feels that under certain cases income-tax information of the Federal Government should be given to the local enforcement officers; also that there should be some uniform method of securing information of intercepting communications, where a court or a judge has acted upon the necessity of having this information.

Tomorrow morning we will commence at 9:30 in this hearing room, with Mr. Ruditsky, and at about a quarter of 11 or 11 o'clock, when Judge Carter is through with his naturalization hearings, we will have an open hearing in his courtroom.

We have invited the sheriff to appear, if he is here. We have also invited Mr. Mickey Cohen to appear. I believe that is everything unless there are some questions.

Senator WILEY. I want to compliment the chairman on his résumé of the testimony as given this afternoon.

I have just one additional suggestion, which I think the press might well bring to the citizens of this community, and that is that the problem is essentially a local problem and that, while we are seeking to ascertain interstate connections, it is very important that the citizens themselves be aroused to full cooperation with good officers and that, when you have good officers, they be patted on the back for the efforts that they are making. But, more than that, that the citizens, if necessary, may even have to organize a certain type of group to assist—not a vigilante group, because they can't take the law in their own hands—but they can back up good enforcement officers and thus maintain the morale in the community that is necessary.

MEMBER OF THE PRESS. Was there anything further on that Guaranty Finance Co. and the sheriff's office?

The CHAIRMAN. We didn't have anything further on that this afternoon.

MEMBER OF THE PRESS. I didn't hear what you said about intercepting communications, Senator.

The CHAIRMAN. I was telling about what the recommendations of Chief Parker and Captain Hamilton were, as to what would help them with their enforcement work. They said that if under proper methods—that is, by a petition to court—showing the necessity of intercepting communications in certain cases, where the court would decide it was necessary, that if some method of that sort were provided that it would be of tremendous assistance to them. Some States have authorized wire-tapping. Some States do not and some places they can, and in other places they do it anyway.

The testimony here is that these officers do not engage in wire-tapping. We have had some in the District of Columbia, and the State of New York has a law which is considered by many enforcement officers as being very good, which requires that when the public welfare demands it that a petition may be presented to a supreme-court judge, and if a proper showing is made as to the necessity of tapping a certain wire, that he can issue an order for that purpose.

MEMBER OF THE PRESS. Then the man who has the wire tapped knows about it?

The CHAIRMAN. It is an ex parte proceeding.

MEMBER OF THE PRESS. Does Mickey Cohen face any contempt proceedings if he refuses to testify, Senator?

The CHAIRMAN. We will get around to that if it comes about and, of course, it depends on the circumstances.

MEMBER OF THE PRESS. Will the sheriff's appearance be in open hearing also, Senator?

The CHAIRMAN. We have invited him. I do not know if he will be back. He is attending some convention in the State of Washington.

We feel, in view of what was said about the sheriff's office this morning, that if he appears it should be in an open hearing.

MEMBER OF THE PRESS. If he misses this hearing, will you have him testify in San Francisco?

The CHAIRMAN. I have an idea he will be back sometime and he will have an opportunity to testify. I may state that it is our general policy that if anyone's name is used and they feel that they have been wrongly, labeled or improperly accused, or if they wish to make any explanation, we are always very happy to give them an opportunity to do so.



MEMBER OF THE PRESS. Could we go back to Mickey Cohen's borrowings for those 4 years you mentioned? Were those debts repaid?

The CHAIRMAN. Practically nothing has been repaid. The information is that Mickey Cohen will call in and give his auditor his information about who he had borrowed from and he just makes a note of it.

MEMBER OF THE PRESS. Is it borrowed from individuals?

The CHAIRMAN. Just from individuals; yes.

MEMBER OF THE PRESS. From racketeers?

The CHAIRMAN. I cannot at this time divulge the names of the people that he borrowed from.

MEMBER OF THE PRESS. Are you implying that he was concealing income?

The CHAIRMAN. I was implying that his expenses, which are quite well known, are so substantial that his income, as shown, is very small; that it is necessary, in order to satisfy his income-tax returns, that he have some way of getting additional money into his possession. In other words, he is trying to make them balance. Net-income cases are developed, as you well know, by showing the amount of expenses a person has and showing what income he has. Then, if there is a substantial difference, it is a net-income case.

MEMBER OF THE PRESS. Senator, in the examination of Harry Sackman, the accountant, did you question him at all about his efforts in behalf of the Guarantee Finance Co.?

The CHAIRMAN. Yes; we did.

MEMBER OF THE PRESS. Was there any discussion of hot merchandise in interstate commerce, as against race information, stolen goods from New York and brought out here?

The CHAIRMAN. We have some information about that this afternoon.

MEMBER OF THE PRESS. Was there anything brought out about diamonds?

The CHAIRMAN. No; we did not get into the diamond business.

MEMBER OF THE PRESS. I believe the name of Eddie Nealis was brought up. Are you going to drop that?

The CHAIRMAN. All those cases will be developed further.

MEMBER OF THE PRESS. In an open hearing?

The CHAIRMAN. They will be developed, first, in a closed hearing.

MEMBER OF THE PRESS. Will Nealis be subpoenaed?

The CHAIRMAN. I don't know.

MEMBER OF THE PRESS. Senator, if you find anything interesting in these records, will you turn them over to the Internal Revenue Bureau?

The CHAIRMAN. We cooperate with them, and they cooperate with us.

MEMBER OF THE PRESS. Did Mickey Cohen ask for the open hearings?

The CHAIRMAN. He did not.

MEMBER OF THE PRESS. He asked once before for an open hearing. Was there any mention of the success of the new California slot-machine law?

The CHAIRMAN. We have not discussed the new slot-machine law, nor how it operates nor the success of it.

MEMBER OF THE PRESS. Have any of the witnesses refused to testify thus far, since Las Vegas, the Las Vegas hearing?

The CHAIRMAN. We didn't have any refusal to testify in Las Vegas.



MEMBER OF THE PRESS. I mean since then.

The CHAIRMAN. No.

MEMBER OF THE PRESS. Just one more question about Harry Sackman. Can you give us any of the details about his testimony in connection with the Guaranty Finance Co., or is that being withheld at this time?

The CHAIRMAN. There is certain information he gave that we have to develop other parts of. I do not think I should give it out at this time. He did make certain tax returns for the company, though.

MEMBER OF THE PRESS. In regard to Mickey Cohen, you said he has not reported substantial income; is that based on estimates from Harry Sackman?

The CHAIRMAN. That is right; yes. There is one point, perhaps, that I should bring out. Perhaps Mr. Robinson can tell you about that.

Mr. ROBINSON. Sackman was questioned concerning his trip back East, and he acknowledged while he was back there he had communicated with Joe Stacher of New Jersey and further acknowledged he spent a couple of days with him in Reno, in connection with Stacher's interest in the Bank Club.

The CHAIRMAN. Stacher had told him that he had bought an interest in the Bank Club. That is relevant, in view of the testimony we got at Las Vegas, that Stacher bought an interest but couldn't get a license to operate, and he threatened he was going to spend a lot of money to get a change of administration in Reno.

MEMBER OF THE PRESS. Who are the other partners in that Bank Club?

Mr. ROBINSON. Graham and MacKay.

The CHAIRMAN. The hearing will be recessed until tomorrow morning at 9:30 o'clock.

(Whereupon, at 6:10 p. m., the hearing was recessed until 9:30 a. m., November 17, 1950.)



# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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FRIDAY, NOVEMBER 17, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

The committee met, pursuant to call of the chairman, at 10 a. m. in the United States courthouse, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel; Harold G. Robinson, associate counsel and chief investigator; William G. Ruymann, special counsel; Herbert Van Brunt, special representative to the committee; and Julius Cahn, administrative assistant to Senator Alexander Wiley.

(The following proceedings were held in open session:)

The CHAIRMAN. The committee will come to order. I regret exceedingly, but before the open hearing starts we will have an executive hearing for about 20 or 30 minutes. We will then have a short recess, and you will all be invited to come back.

We are very grateful to Judge Carter for the use of this beautiful courtroom. He has gone to a good deal of trouble to make it available to us. Because of the air-conditioning system and also the fact that the floor burns very easily when cigarettes are put on it, we will have to ask the committee and also our guests not to smoke during the hearing when you come back. That is a hardship on the committee, as well as it is on the press and our guests in the audience, but in deference to the court and to the courtroom we will have to make that request.

I am sorry that we will have to ask everyone to leave except those connected with the committee at this time.

Our first witness will be Barney Ruditsky.

(Whereup the following proceedings were had in closed executive session:)

## TESTIMONY OF BARNEY RUDITSKY, LOS ANGELES, CALIF.

The CHAIRMAN. Mr. Ruditsky, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RUDITSKY. I do.

The CHAIRMAN. You may proceed, Mr. Halley.

Mr. HALLEY. What is your name?

Mr. RUDITSKY. Barney Ruditsky.

Mr. HALLEY. Where do you live?

Mr. RUDITSKY. 1771 North Sycamore.

Mr. HALLEY. Los Angeles?

Mr. RUDITSKY. Los Angeles, Calif.; yes.

Mr. HALLEY. What is your business?

Mr. RUDITSKY. Right now I am executive director for the California Belt and Accessories Manufacturers Association.

Mr. HALLEY. How long have you been executive director to that association?

Mr. RUDITSKY. Since May 22 of this year.

Mr. HALLEY. When was this association organized?

Mr. RUDITSKY. Four or five years ago.

Mr. HALLEY. Have you been associated with them prior to this year?

Mr. RUDITSKY. No; I have not been.

Mr. HALLEY. Did you ever have a business known as the Associated Security Council?

Mr. RUDITSKY. I did; yes.

Mr. HALLEY. What was the nature of that business?

Mr. RUDITSKY. That was a detective agency.

Mr. HALLEY. In Los Angeles?

Mr. RUDITSKY. That is right; 8818½ Sunset Boulevard.

Mr. HALLEY. Were you licensed as such?

Mr. RUDITSKY. Yes.

Mr. HALLEY. I take it, then, that you have never been convicted of a crime?

Mr. RUDITSKY. Never have been; no.

Mr. HALLEY. Have you ever been arrested?

Mr. RUDITSKY. Since then for a liquor violation. A waitress in a restaurant I had sold a drink after hours, and they took the owner in for it.

Mr. HALLEY. What restaurant was that?

Mr. RUDITSKY. Sherry's; 9063 Sunset Boulevard, I believe.

Mr. HALLEY. Do you still own Sherry's Restaurant?

Mr. RUDITSKY. No.

Mr. HALLEY. Do you have any other businesses?

Mr. RUDITSKY. Nothing at all.

Mr. HALLEY. Among the functions of the Associated Security Council, did you collect bad debts for the gambling establishments at Las Vegas?

Mr. RUDITSKY. I originally opened up just doing detective work with another man by the name of Herman Kader, a retired detective from Bayonne, and a man by the name of Lefty James, a detective, retired. We broke up and I retained the business; I bought them out. We then went into the check-collecting business. We went up to Las Vegas—rather previous to that I had made contact with Horace Heidt, who owned the Nevada Biltmore, and he turned over a lot of checks to me. I then went to Las Vegas with a partner; I had a man by the name of Charley Dorfman, and we contacted Mr. Bill Moore at the Last Frontier, the people at the El Rancho, and I think it was Bennie Siegel and a man by the name of Hymie Siegel at the Flamingo. They gave us some checks. They gave us the tough ones to collect.

After doing that for about—I guess we attempted it for about 5 or 6 weeks, and we found that it wasn't much good and that we



couldn't do much with it; most of the people we called and we wrote them letters. We didn't use any bullying tactics. That wouldn't go, and we wouldn't use any bullying tactics.

Mr. HALLEY. For what hotels in Las Vegas did you collect?

Mr. RUDITSKY. The El Rancho, the Flamingo, the Nevada Biltmore, and we did a survey of—a business survey—for Mr. Moore at the Last Frontier.

Mr. HALLEY. With whom did you deal at the El Rancho?

Mr. RUDITSKY. A fellow by the name of Resnick or something like that—a tall, thin fellow.

Mr. HALLEY. With whom did you deal at the Flamingo?

Mr. RUDITSKY. Directly with Mr. Bennie Siegel.

Mr. HALLEY. How long had you known Siegel?

Mr. RUDITSKY. I knew Siegel when he was about 14 or 15 years old.

Mr. HALLEY. You mean back in New York?

Mr. RUDITSKY. Yes. I had arrested him in New York on one occasion.

Mr. HALLEY. Were you a New York detective?

Mr. RUDITSKY. I was a detective in New York; yes.

Mr. HALLEY. Up to what year?

Mr. RUDITSKY. Up to 1941. I retired October 19, 1941.

Mr. HALLEY. What bureau were you in?

Mr. RUDITSKY. The detective division, the gangster squad, the Broadway squad, and I was in the radical squad.

Mr. HALLEY. In Manhattan?

Mr. RUDITSKY. For five boroughs.

Mr. HALLEY. You worked out of headquarters?

Mr. RUDITSKY. Yes.

Mr. HALLEY. Did you resign?

Mr. RUDITSKY. I retired; my time was up.

Mr. HALLEY. Was your record completely clear at that time?

Mr. RUDITSKY. I never had a charge of any kind brought against me.

Senator WILEY. Did you get a pension?

Mr. RUDITSKY. Yes, sir; \$2,000 a year.

Mr. HALLEY. You also got business from Al Smiley at the Flamingo, did you not?

Mr. RUDITSKY. Smiley came down to see me at my office one day and he started telling us how we would collect the checks, the tactics he was going to use. I said, "That won't go with us." I said, "You either want us to collect them in a legal manner or you better get someone else." Then I was notified that my detective license didn't permit us to collect bad checks. So I immediately made inquiries from the bureau of standards here, and they said, "You need a license for that." Rather than go into the expense of a new license, we turned the checks over to a collection agency; it was the Mutual. I turned it all over to them. In fact, we had collected very, very few; I don't think we collected \$400 or \$500 worth at that time, although there was hundreds of thousands of dollars' worth.

Mr. HALLEY. Did you talk to Siegel shortly before his murder?

Mr. RUDITSKY. I did.

Mr. HALLEY. At that time did he discuss his financial status with you?

Mr. RUDITSKY. He said that business was bad. There was an instance that I can tell you of where he was picking up cigarette butts and burning the carpet. He said, "The fellows are driving me crazy; it is not good and we are losing money."

Senator WILEY. When was that?

Mr. RUDITSKY. In 1947.

Mr. HALLEY. He was killed in June of 1947?

Mr. RUDITSKY. Yes; that was the early part of 1947.

Mr. HALLEY. Did Siegel tell you how much money was invested in the Flamingo?

Mr. RUDITSKY. He said about \$7,000,000 or more.

Mr. HALLEY. Did he say he had to raise any cash?

Mr. RUDITSKY. He did say that he had been going back east and bringing money back.

Mr. HALLEY. Did he use the figure of about \$4,500,000?

Mr. RUDITSKY. I don't remember whether he said that or not. He said that he was going back east and bringing back brief cases full of money. It was being brought out to him.

Mr. HALLEY. Did he tell you any of the people who had invested in the Flamingo with him?

Mr. RUDITSKY. No; he said, eastern money; all eastern money."

Mr. HALLEY. Did he have Monk Schaefer with him?

Mr. RUDITSKY. Monk Schaefer was working there. I think he was a pit boss.

Mr. HALLEY. He was running the pit?

Mr. RUDITSKY. Yes.

Mr. HALLEY. Schaefer is one of these professional gamblers; is that correct?

Mr. RUDITSKY. I think he is from around Detroit.

Mr. HALLEY. He runs the circuit; does he not? He would work at the Colonial at Miami and at different places; work the circuit, so to speak?

Mr. RUDITSKY. They have circuit runs all over the country, these fellows.

Mr. HALLEY. How does it work; will you tell the committee?

Mr. RUDITSKY. In my opinion, these fellows—in fact, there was a remark made to me a number of years ago, about 3 or 4 years ago, one of my trips back east, in talking to one of these fellows, that they made \$21,000,000 in one season in the combination to be split up among about 26 men in this combination; that they made that between Florida and Jersey and out in Vegas, that combination.

Mr. HALLEY. And how about Saratoga?

Mr. RUDITSKY. I believe Saratoga too; that was part of the combination.

Mr. HALLEY. Was southern or northern Kentucky in it; Covington and Newport, or was that an independent outfit?

Mr. RUDITSKY. That was an independent outfit. Cleveland, I understood, was among them. There was a Cleveland outfit, the Beverly Club.

Mr. HALLEY. You are referring to the Beverly Club in Kentucky, aren't you?

Mr. RUDITSKY. Yes; the one owned by Phil —

Senator WILEY. I don't think that is very clear, that it was just so many million. Tell us more about that.

Mr. RUDITSKY. The combination was running, from my knowledge—I mean from conversations that I heard—was the one in Jersey, the one in Florida, Saratoga Springs, and Las Vegas—Cleveland was out, I guess. That was the combination that cut in on all these places.

Mr. HALLEY. You are now talking about gambling establishments, as contrasted to bookmaking?

Mr. RUDITSKY. That is right, gambling establishments.

Mr. HALLEY. Who are the men that you identify as being prominent in the group of 26 or 30 men who controlled this gambling combination?

Mr. RUDITSKY. Well, this is an opinion from my experience with the underworld while a detective. One was Abner "Longie" Zwillman, a Newark man. Also a fellow by the name of Rosen, whose nickname is "Doc Harris" who is also from Newark.

Mr. HALLEY. Is he also known as Joe Stacher?

Mr. RUDITSKY. That is right.

Mr. HALLEY. He is the man who tried to buy in at Reno a year or so ago?

Mr. RUDITSKY. In fact, the information was that all of them were trying to come out here buying in at Reno and Las Vegas.

Mr. HALLEY. When did you have such information?

Mr. RUDITSKY. About 2 years ago now.

Mr. HALLEY. Go ahead.

Mr. RUDITSKY. Then in New York, the information was there was a fellow by the name of Tom Cutlow, called "Cutley." There was Meyer Lansky and his brother.

Mr. HALLEY. And his brother?

Mr. RUDITSKY. Yes. Then there was Harry "Nig" Rosen and his brother Dan.

The CHAIRMAN. Herman Stromberg?

Mr. RUDITSKY. Yes. That is about all I know of.

Mr. HALLEY. How about Frank Costello?

Mr. RUDITSKY. The only connection I have with Frank Costello, when I got out of the Army I opened a little liquor store on Sunset Strip when I got out of this war here. After I retired, I got in the Army and then opened up this liquor store and it was a little rough getting liquor unless you went through the black market. I didn't feel like going through that. Somebody told me that Frank Costello had owned the King's Ransom and the House of Lords scotch. I said to myself, maybe I will send him an appealing letter, and I did. The result was nil and I got no liquor. It was coming out here to a man by the name of Irving Haymes, who is a partner of Costello in the distillery. He had a liquor store on Hollywood Boulevard and he was getting all the scotch and no other store in town would get it unless they paid black market prices, which most of us wouldn't do.

Mr. HALLEY. So that you identify Frank Costello mainly with the New Orleans operation; is that right?

Mr. RUDITSKY. Yes, and with the whisky. The last time I had seen Costello, while I was still in the police department, and I had an investigation and he was connected with a place on Fifty-fifth Street called Phonevision.

Mr. HALLEY. Do you know Jimmie Lynch?

Mr. RUDITSKY. From Jersey?



Mr. HALLEY. Yes.

Mr. RUDITSKY. "One Eye" Lynch?

Mr. HALLEY. Yes.

Mr. RUDITSKY. Yes.

Mr. HALLEY. Isn't he reputed to take his cut in the game for Costello?

Mr. RUDITSKY. I know he is in on the games, I know that.

Mr. HALLEY. But doesn't he hold his share for Frank Costello?

Mr. RUDITSKY. That I wouldn't know; I have been away from that so long.

Mr. HALLEY. That game is supposed to pay off Charley "Lucky" Luciano; is it not?

Mr. RUDITSKY. The understanding I get is that he is still one of the controlling factors.

Mr. HALLEY. How would you explain to the committee the continuing power of Charley "Lucky" Luciano from Italy?

Mr. RUDITSKY. Of course, a lot of the eastern mob have been tied in on narcotics. As you know, there is labor and beer and other rackets, and "Lucky" was one of the powers in those days of narcotics. When he went to Italy it was my belief that he made all their contacts for them and he was still a power, notwithstanding the fact that he was convicted for keeping and maintaining and it was my belief that he had nothing to do with that, my personal belief, knowing him as being on the gangster squad. But "Lucky" was still a great power, a great factor in the underworld. He was a great power in the underworld when he was convicted and he still is.

Senator TOBEY. I guess he is what you would call a sweet character?

Mr. RUDITSKY. Oh, yes.

Senator TOBEY. And was he yellow?

Mr. RUDITSKY. They are all yellow. Unless they have you in an automobile and could put a gun to your head, then they were all yellow. That was my opinion. I have been threatened a thousand times by different ones, but I got around them pretty good in my time; nobody got back at me. I walk around without any guns and without any fear.

Mr. HALLEY. You wrote a book on this subject; isn't that right?

Mr. RUDITSKY. I have a book called "Angel's Corner." It has been published. It is the ramifications of the underworld during the prohibition era.

Mr. HALLEY. Did you describe the meeting held in Atlantic City about 1935 in your book?

Mr. RUDITSKY. I did.

Mr. HALLEY. Will you tell the committee the basis of your knowledge?

Mr. RUDITSKY. There was a meeting called in Atlantic City of about 132 members of the underworld, from all parts of the United States.

The CHAIRMAN. What was the date?

Mr. RUDITSKY. I believe in early 1932.

Senator TOBEY. Who called it?

Mr. RUDITSKY. It was called in those days by Big Frenchie, who was still alive. He called a meeting. He was with Owney Madden. He called this meeting and the purpose was to apportion the rackets to the different people; the syndicate was going to maintain it but there



wouldn't be any cutting in and they decided to stop killing one another. They held this meeting. I don't know what went on at the meeting but they assigned different parts of the country to different men; different parts of the rackets. At that time a very funny incident occurred. They presented a watch to Owney Madden and Big Frenchie was to present the watch to him. Now he never had made a speech in his life. He got up to the dais and he said, "Owney, have you got a watch?" And he said, "Yes." He took it off and showed it to him. He dropped it and stepped on it and he said, "Gee, I am sorry I broke your watch, but here is another one for you," and presented him with this watch. That is the way he presented the watch to Owney Madden.

Senator TOBEY. I am not sure that that isn't a better speech than a lot of Senators make.

Mr. HALLEY. Turning now to the Los Angeles-Las Vegas area, do any of the Chicago racketeers have interest in this area? Do the Fischettis, for instance, have an interest?

Mr. RUDITSKY. I don't know. I will say this, frankly, for the Los Angeles Police Department. I know they are very much afraid of the Los Angeles Police Department.

Mr. HALLEY. How about Las Vegas? Did the Fischettis have any interest in the Flamingo?

Mr. RUDITSKY. Well, they go there quite a bit.

Mr. HALLEY. Do you know if they own any part of the Flamingo?

Mr. RUDITSKY. I don't. I know that Ralph Capone would come here and wouldn't stay here 2 minutes and go right out to Las Vegas. He used the name of Morris, I believe. They wouldn't stay around here too long.

Mr. HALLEY. What has been the over-all picture here in Los Angeles, in this vicinity, since about 1940? Are you familiar with it since 1942 or does your knowledge begin about 1945?

Mr. RUDITSKY. Of course, when I came out of the Army it was in 1944 or 1945.

Mr. HALLEY. Who were the leading racketeers here in 1944 and 1945?

Mr. RUDITSKY. The only one I knew at the time was Bugsy Siegel; I knew him from the East. I never made any contact with him here. I saw him once or twice. Up to that time I met him up at Vegas when I went into the detective agency. I paid little attention to the racket end of it out here. I wasn't interested. I wasn't a copper any more. Of course, when I opened the agency, you hear things that I would turn over to some of the men in the Los Angeles Police Department, who took action.

Mr. HALLEY. At that time did Bugsy Siegel also have the wire service?

Mr. RUDITSKY. My understanding is yes, definitely.

Mr. HALLEY. That was after Mickey Cohen had beaten up Russ Brophy?

Mr. RUDITSKY. I didn't know anything about that; I was in the Army then.

Mr. HALLEY. Didn't that happen around 1942?

Mr. RUDITSKY. Perhaps it did.

Mr. HALLEY. Siegel had the wire service by the time you got back from the service?

Mr. RUDITSKY. Yes.

Mr. HALLEY. Where did Dragna fit in at that time on the wire service?

Mr. RUDITSKY. I didn't know except in a conversation with Al Smiley, he mentioned that he and Dragna were to go in a wire service or were in a wire service together. That was the only thing.

Mr. HALLEY. They were working with Siegel at that time, were they not?

Mr. RUDITSKY. That is the understanding, yes.

Mr. HALLEY. And there was no warfare that you know of at the time?

Mr. RUDITSKY. Not at that time, no.

Mr. HALLEY. Then in 1947, after Ragen was killed—he was killed in 1946—Trans-America Wire Service went out of business; is that right?

Mr. RUDITSKY. That is right.

Mr. HALLEY. The Continental crowd stepped right in with Tom Kelly running it; is that correct?

Mr. RUDITSKY. That is right.

Mr. HALLEY. They set up the wire service here in Los Angeles?

Mr. RUDITSKY. That is right.

Mr. HALLEY. Brophy was back in, was he not?

Mr. RUDITSKY. I didn't know who was in but it was my opinion, and from conversations with people, I always said there was going to be a break-out, a war over controlling it.

Mr. HALLEY. That was because Siegel wanted to keep his control?

Mr. RUDITSKY. Yes.

Mr. HALLEY. And he did not want to play ball with Continental?

Mr. RUDITSKY. That is right.

Mr. HALLEY. Would it be your opinion that that was one of the factors contributing to his death?

Mr. RUDITSKY. I definitely do.

Mr. HALLEY. Had you heard the story that two gangsters from Chicago had come here and talked to Mickey Cohen and Jack Dragna and Siegel shortly before Siegel's death?

Mr. RUDITSKY. I don't think so. My personal opinion was that that wasn't a professional job; I don't think they were professional triggermen. I think it was somebody from here who has never done much of that type of gang war.

Mr. HALLEY. Why would it have any connection with the wire service?

Mr. RUDITSKY. The wire service was established here already and probably, in my opinion, it was a fight for the control of it out here.

Mr. HALLEY. What factions were fighting?

Mr. RUDITSKY. I didn't know who the factions were. I didn't know anything about the factions, but it was an opinion I established in my own mind knowing how the underworld operates.

Mr. HALLEY. After Siegel's death, Dragna stepped in?

Mr. RUDITSKY. I didn't know anything about Dragna. There was very little that I knew about Dragna or any of that Siegel crowd. The only time up to then that I had seen Siegel—I was in the Army. I went in as a private and he was a corporal. He said, "I understand you are a New York cop; is there anything I can do for you?" We were stationed at Camp Callen and I said, "No, thank you," and that is

the last I saw of him until about a year after, at the fights one night. As I say, I was disinterested except in things where I could help people.

Mr. HALLEY. You did not think at that time that Mickey Cohen would have had a motive in killing Siegel?

Mr. RUDITSKY. I don't think so.

Mr. HALLEY. Or Jimmie Utley?

Mr. RUDITSKY. I didn't know anything much about Jimmie Utley; just from what I read. I never knew too much about him.

Mr. HALLEY. At that time were Siegel and Joe Adonis in some sort of a scrap involving Virginia Hill?

Mr. RUDITSKY. Definitely not.

Mr. HALLEY. There was a certain rivalry there, was there not?

Mr. RUDITSKY. No, I think Joe Adonis was happy to turn her over to Siegel.

Mr. HALLEY. At that point she had left Siegel and was in France, was she not?

Mr. RUDITSKY. At the time of the killing, oh, yes. She is absolutely a screwball. I have met her and have known her. I think she is psychopathic.

Senator WILEY. Who is psychopathic?

Mr. RUDITSKY. Virginia Hill. She called me when I had the office one time. She called our office one night and she said, "You better get over here right away; I have trouble at the house." I went over there. There were three or four people in there that I didn't know. She was sitting there. Al Smiley was there. There was a fellow by the name of Swifty Morgan there. They were having dinner. She was there in a bathing suit and had a gun in her hand. She said, "I am going to kill everybody in the house, the maid, and the Chinese butler, and everybody." She said, "They have been stealing and robbing me."

Well, looking at the woman, when you see her, you know she is a definite—definitely a mental case. That was my opinion of her.

Mr. HALLEY. You think it was probably the Italian crowd that killed Siegel?

Mr. RUDITSKY. I think it was a war over the wire service.

Mr. HALLEY. Over the wire service.

Mr. RUDITSKY. Yes.

Mr. HALLEY. Possibly a job from Chicago through the Fischettis?

Mr. RUDITSKY. I don't know whether they were tied up in the wire service or not.

Mr. HALLEY. What would you say about Tony Accardo?

Mr. RUDITSKY. I don't know. In the last years I got away from that, except what interested me locally, when I could help the local authorities, which I have done. In fact, I sort of created a little jealousy. The sheriff's office was a little annoyed that I was helping the Los Angeles Police Department, who were my friends. I knew them, and I was a cop and knew most of them, and I worked with them.

Mr. HALLEY. You got to the scene of the Siegel shooting, I think, before anyone else.

Mr. RUDITSKY. I didn't get there; my partner did. I got there later. When the shooting happened Smiley fell to the floor and she hollered, "Put the lights out and call the police." This girl, Geri Mason, who



was Virginia Hill's secretary—our office had handled her divorce case when she was divorced from her husband, for which we haven't been paid yet. Not knowing of anything, she called our office, thinking it was the police department, and my partner was in the office with one of our operators, and they rushed over there. Of course, the Beverly Hills police were there by that time, but the next morning I was called by Chief Anderson and Captain White out there. They wanted to know the tie-up of the eastern mobs with the mobs out here. I said, "Let's go someplace where nobody will know what we are talking about." There were a few assistant district attorneys there at the time. I suggested going up to my home. I live up in the hills. We went up there, and I gave them as honestly as I thought the tie-up of the mobs throughout the country, to assist them in sort of getting to a motive here. Well, I did; word for word that was in Pegler's column.

The CHAIRMAN. You gave it to whom?

Mr. RUDITSKY. I gave it to a group of men, the Beverly Hills Police Department and the district attorney's office. They didn't even miss a comma when it came out in Pegler's column.

Mr. HALLEY. You think if the solution to that murder is to be found it must be found in the wire-service story?

Mr. RUDITSKY. Yes; and, gentlemen, I can say this to you, as a committee, I respect your abilities very much and the work you are doing, but I think if you had more confidential reports and statements given to you, and kept confidential, I think you would get a lot more help.

Mr. HALLEY. Thank you.

Mr. RUDITSKY. Because I think—I know the statements made in the press, that men were willing to help and would be happy to help, but then the information is divulged to the public. I don't say that about this committee, but it was done in previous investigations, where information is divulged to the public. People don't like to put themselves on the spot. I feel physically able to take care of myself, but a lot of people don't feel that way.

Mr. HALLEY. Going ahead with the wire-service trouble; at that particular time Bugsy was also having a battle about the wire service in Las Vegas, was he not?

Mr. RUDITSKY. Bugsy Siegel?

Mr. HALLEY. Yes.

Mr. RUDITSKY. I heard that after his killing. I went up there after the killing with some of these checks that we had and we were going to turn them back to them. I turned a lot of them over to this Mutual Collection Agency because we wanted no part of it. It wasn't profitable enough for us to waste a lot of time on. Then we got a lot of big checks that we turned over to them. I heard that he had a lot of problems in some of the clubs up there where they put the service in.

Mr. HALLEY. Particularly with the Golden Nugget and the Last Frontier?

Mr. RUDITSKY. Yes. There had been trouble up there for a while.

Mr. HALLEY. But here locally he was running a wire service in competition with the Continental Service?

Mr. RUDITSKY. That is the information I have.

Mr. HALLEY. And Smiley was working on that with him; is that right?



Mr. RUDITSKY. That is right.

Mr. HALLEY. Was Mickey Cohen ever shot at Sherry's, at the restaurant?

Mr. RUDITSKY. Yes.

Mr. HALLEY. When was that?

Mr. RUDITSKY. Sometime around June or July. I don't really remember the exact date on that.

Mr. HALLEY. That was in 1949 when Neddie Herbert was killed, was it?

Mr. RUDITSKY. The night Neddie Herbert was killed, yes; that was the only time.

Mr. HALLEY. On that occasion they clipped Mickey; is that right?

Mr. RUDITSKY. That is right. Mickey used to come into the place every night and he behaved himself in there and we had no reason to order him out.

Mr. HALLEY. That was in July, was it not? In June they shot at Herbert and missed; isn't that correct?

Mr. RUDITSKY. At his home, where he lived; on his way home, I should say.

Mr. HALLEY. Did they come into Sherry's on that night?

Mr. RUDITSKY. No. Every night that Mickey came in, for the protection of my customers I sort of watched the place and walked around outside and inside. When he would come out I would walk out and tell the parking-lot boys to have the cars ready for him. The parking-lot boy was a brother of mine. That night I had to go into the kitchen and made a small sandwich for myself. I stood out at the kitchen door and when Mickey come out he come out with Neddie and this girl, Dee David, and Harry Cooper, the Attorney General Howser man, who had been with him every night. I used to talk to Harry every night. He was a likable sort of a fellow. This night when they come out I walked toward them at the steps. I was there talking to Harry Cooper when two cars pulled up: Mickey's cars. I was facing east. Cooper had his head turned to the side and Dee David had her back facing south. Mickey was facing south when these shots come. They sounded like firecrackers to me. I saw the people falling on the sidewalk. I realized then that it was shots from across the street. I started across the street. Realizing I had no pistol or anything with me, I ran back to my car where I kept one in the glove compartment and I started to cross the street. Florabel Muir, of the Mirror and the Daily News in New York, she came over with me. I had a big light and we started searching around. We found the shotgun slugs there. I walked down the stone embankment, the steps there, and the car had been on a dead-end street and by that time they backed out and got away. I came back and there was a lot of excitement and confusion there. We tried to get ambulances and we aided the injured. I stood out there in the street thinking it was a real professional job and I know they usually come back to finish up anybody they haven't killed. So I stood out there with my pistol waiting for anyone to come back, and to protect anyone else that was left.

Senator TOBEY. Where was Mickey all the time?

Mr. RUDITSKY. He was hit in the shoulder.

Senator TOBEY. Was he down?

Mr. RUDITSKY. This fellow, Frank Niccoli, the missing one, put him in his car. He took Harry Cooper and Mickey and drove them

to the hospital immediately. The others were on the street. They drove down to the hospital. Neddie Herbert and the girl, Dee David, they were lying on the sidewalk and we moved them in as fast as we could and got them out of the way in case of any further trouble. They fired, I think, seven blasts. I think it was a 12-gage shotgun and they plugged them pretty good. There were holes that size all over the wounds. They were down across the street and there was an embankment there of about 6 feet with a stairway coming up. They laid on the steps. They camouflaged themselves and just lay there. It had been a slow night. If it had been a busy night our parking-lot boys may have seen them. As they bring the cars down from the parking lot the headlights would have shined across the road, but it was quiet that night and no cars came out. They, apparently, had cased the place pretty well.

Senator WILEY. There were no clues?

Mr. RUDITSKY. As far as I know, no.

Senator TOBEY. What percentage of these bad gambling debts is charged off by these groups annually?

Mr. RUDITSKY. That they collect?

Senator TOBEY. That they don't collect?

Mr. RUDITSKY. I don't think they collect 90 percent of them. People have gotten onto the fact that they are uncollectible. At one time these people used to go out and bully them. I think we spoiled that by calling on people and being nice to them. We asked them to try and pay a little of it. It is not a violation of the law in this State not to pay those, but then you can't go back to Nevada.

Senator TOBEY. You mean they give a check and it bounces and they are not liable?

Mr. RUDITSKY. A lot of them will go up there and play for \$100 or \$200 and lose that. Then they will sign a marker, put it on the rim for \$500 or \$1,000, the house feels if they have lost \$200 that they are good for more. A lot of them will lose a hundred dollars or so of that and then go home with the rest, if they give them a marker for about a thousand dollars, so they are in for \$800 or \$900 and the check is no good.

The CHAIRMAN. You mean they do not collect 90 percent of the amount involved?

Mr. RUDITSKY. They fail to collect 90 percent of their collections; yes.

Senator TOBEY. Only 10 percent is collected?

Mr. RUDITSKY. That is about all. That has been proven because the people know now they can't do anything to them. There was a test case here in this State and that is the way it came out.

The CHAIRMAN. Is there anything else?

Senator TOBEY. I have no questions.

Senator WILEY. You were telling about this combination where the take was some \$21,000,000. Who was really the head of that, do you know?

Mr. RUDITSKY. That I wouldn't know. I think it is all this eastern crowd. I don't think there is a head of it. I think there is just a group.

Senator WILEY. Was there any tie-up there with the Mafia?

Mr. RUDITSKY. I think some of them were in on that. In New York you might have Adonis and Tommie Brown and Charley White.

Senator WILEY. Have you been able to find out whether or not this combination was guilty of any violence in any manner whatsoever?

Mr. RUDITSKY. As I said, up to 1941 I could tell you of all the violence or anything else that happened. After that I sort of disengaged myself, being that I was not with any law enforcement agency and I was a civilian. I just sort of forgot about that.

Senator WILEY. What I am getting at is: Do you think that any killings, like these that have been talked about, that it was sort of an internal affair; quarrelling amongst the crowd or is the killing done by some outside fellows?

Mr. RUDITSKY. There were no killings, unless they were O. K.'ed remember that. Today, with the set-up of the mob, at least until the time I was in the department, if I wanted to kill a man and I am part of a combination, I have to get the O. K. I kill nobody until I get an O. K.

Senator TOBEY. From whom?

Mr. RUDITSKY. The powers that be.

Senator TOBEY. Who are the powers that be?

Mr. RUDITSKY. Up until 1941 I could tell you just who they were; I know that it is just a combination today.

Mr. HALLEY. Let's take what you know. Let's go back to 1941.

Mr. RUDITSKY. In 1941 you had the New York crowd, the Lepkes and the Dutch Schultzs and the Siegels and the Lanskys. Today you have a new crowd; that crowd has been eliminated.

Mr. HALLEY. Supposing in 1940 or 1941, at about the time when Siegel succeeded in muscling into the wire service, somebody had decided to kill him, who would they clear with?

Mr. RUDITSKY. They would have to clear with New York, with Lansky, or with Zwillman in Jersey or with Lepke.

Mr. HALLEY. Zwillman was supposed to have been up to this point, or for many years, in a legitimate business: is that right?

Mr. RUDITSKY. What I get now, what I hear now, they are all in legitimate businesses now.

Mr. HALLEY. But they still have their control over the mob activities?

Mr. RUDITSKY. That is right.

Mr. HALLEY. Do they get their cut from the mob profits?

Mr. RUDITSKY. Definitely, because the take is so great.

Mr. HALLEY. What would you say is the take from one of these major gambling establishments?

Mr. RUDITSKY. Throughout the country?

Mr. HALLEY. Take the whole combination first.

Mr. RUDITSKY. Well, as I say, I made the statement that they said in 1 year they cleared \$21,000,000 in four gambling houses.

Mr. HALLEY. Who said that?

Mr. RUDITSKY. That was given to me by different sources that know the combination.

Mr. HALLEY. Have you ever talked to any of these people about income taxes?

Mr. RUDITSKY. Well, from my experience they take care of that; they say they make the guy with the whiskers their partner. They

don't want to count him short. Their fear was up when Capone and Waxey Gordon were hit; they wanted to pay Uncle Sam. Some of them would even pay him a little more.

Senator WILEY. That is the guy with the whiskers you are talking about?

Mr. RUDITSKY. They would rather pay Uncle Sam rather than have any trouble.

Mr. HALLEY. Supposing you were going to, in 1941, were going to kill a member of the Mafia, who would you clear with?

Mr. RUDITSKY. They would have to clear with all the mob. At that time I would go to a fellow like Lepke, who was the top fellow around New York.

Mr. HALLEY. He wasn't in the Sicilian Mafia.

Mr. RUDITSKY. Well, he no doubt would go to somebody like Adonis and clear through him. When Lucky was here at that time he would go through somebody like that. If you remember the case with Abie Wagner and Charley Brown, if you remember that killing, there was a clearing there. They had to be cleared with Charley "Lucky" Luciano before they could kill them. It was a double-crossing, double-crossing one another. Abie Wagner and Charley Brown had been with Lepke.

Senator TOBEY. Is Lepke still alive?

Mr. RUDITSKY. He was electrocuted.

Mr. HALLEY. Are the Fischettis top dog in Chicago today?

Mr. RUDITSKY. I don't know. I don't know what the set-up in Chicago is.

Mr. HALLEY. How did Dragna lose his influence here in the last couple of years?

Mr. RUDITSKY. I wouldn't know that either. As I said, I didn't know anything about the Dragna or the Sica crowd. They were before me. When I got out of the Army I didn't get too interested in their movements.

Mr. HALLEY. In the last couple of years Dragna seems to have lost his influence.

Mr. RUDITSKY. Well, just from what I have read; from what I have read in the newspapers and that is all.

Mr. HALLEY. Do you connect that with the fact that in the last 2 years Mickey Cohen and his henchmen have been practically targets in a shooting gallery?

Mr. RUDITSKY. My honest opinion is that I don't think Cohen—he is a gambler and has rackets, whatever they are—but I don't think he is any interference for anybody unless the mob is looking to cut in.

Mr. HALLEY. Why would anyone knock off Herbert?

Mr. RUDITSKY. Neddie Herbert?

Mr. HALLEY. Yes.

Mr. RUDITSKY. Probably he is in their way.

Mr. HALLEY. And Cohen is in their way too?

Mr. RUDITSKY. Yes, of organizing.

Mr. HALLEY. How would he be in somebody's way?

Mr. RUDITSKY. The modus operandi of a mob, when they get into a town, they have to clear it with somebody in power. If that one in power refuses to give them the O. K. they have to fight it out. That was my opinion when they tried to eliminate Mickey Cohen.



Senator TOBEY. Is there a power behind Mickey Cohen, do you think?

Mr. RUDITSKY. I don't think so.

Senator TOBEY. He is not a fellow of any outstanding ability, is he?

Mr. RUDITSKY. No, I think he is just a rough, tough little guy who said, "I have got this and I am going to hold onto it."

Mr. HALLEY. Do you think Frank Milano might be keeping the Italian mob from finishing him off?

Mr. RUDITSKY. That might be a possibility because Mickey at one time was very friendly with Milano's wife. They used to come in together in a party when they came into Sherry's at one time.

Senator WILEY. You have just intimated that the modus operandi of all this killing, that there has to be a clearing with someone higher up. You have also suggested in relation to Mickey Cohen that there is a possibility that someone is trying to muscle in and he is in the way.

Mr. RUDITSKY. He is known, in the parlance of the underworld, as an outlaw. The same as Jack Diamond; back East he was an outlaw. They were not with the syndicate. They are outlaws and anybody can come in and take over where they are.

Senator TOBEY. You are talking about "Legs" Diamond?

Mr. RUDITSKY. Yes; he was an outlaw. He was killed.

Senator WILEY. Well, I have had a difficult time trying to follow your testimony. Is it your opinion that the various attempts on the life of Mickey Cohen was the result of someone from outside trying to muscle in?

Mr. RUDITSKY. In my opinion, I believe that is so; yes. I believe that he is an outlaw and not with a syndicate; that somebody is trying to muscle in.

The CHAIRMAN. This book that you have written, this manuscript, when did you write that Angel's Corner?

Mr. RUDITSKY. In 1941, just before I got in the Army, and finished it while in the Army.

The CHAIRMAN. Haven't you been able to get it published?

Mr. RUDITSKY. We haven't tried very hard.

The CHAIRMAN. What are you going to do with the manuscript?

Mr. RUDITSKY. We are holding it and hoping to do some television shots with it. I wrote that with Morton Moss of one of the local papers.

The CHAIRMAN. If there is nothing further we will excuse the witness.

Senator TOBEY. I have nothing further.

Mr. HALLEY. Nothing further.

Senator WILEY. Nothing further.

The CHAIRMAN. Thank you very much for coming in. You have made a sworn statement before, have you?

Mr. RUDITSKY. Yes.

The CHAIRMAN. All right, that will be all.

(Witness excused.)

The CHAIRMAN. The next witness will be Michael Cohen. His testimony will be taken in an open session.

(The following proceedings were had in open session:)

The CHAIRMAN. Mr. Cohen, will you come around and be sworn.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

**TESTIMONY OF MICHAEL (MICKEY) COHEN, LOS ANGELES, CALIF.,  
ACCOMPANIED BY WILLIAM STRONG AND BENJAMIN F.  
SCHWARTZ, ATTORNEYS, BEVERLY HILLS, CALIF.**

The CHAIRMAN. I think Mr. Cohen is represented by some attorneys. You, sir, are Mr. Cohen's attorneys, are you?

Mr. STRONG. My name is William Strong.

The CHAIRMAN. Will someone take Mr. Cohen's hat, unless you want to put your hat in the ring, Mr. Cohen.

Mr. COHEN. No, sir.

The CHAIRMAN. What is your address, Mr. Strong?

Mr. STRONG. Here is my card.

The CHAIRMAN. William Strong of the firm of Strong and Schwartz, attorneys at law, 9441 Wilshire Boulevard, Beverly Hills, Calif.

Mr. STRONG. This is Mr. Schwartz, my partner.

Mr. SCHWARTZ. My name is Benjamin F. Schwartz.

The CHAIRMAN. Very well. Before proceeding, I want to admonish our guests here that you are the guests of the committee. We do not want any demonstrations or any approval or disapproval of anything that is said or done. Also try to keep as quiet as possible and no smoking by the committee or by anyone else in the court room during the hearing.

Mr. Cohen, you are well represented by your attorneys, Mr. Strong and Mr. Schwartz, but as chairman of this committee, with also Senators Tobey and Wiley being present, I think we should advise you of your constitutional rights. I am sure that your attorneys have.

That is, that you may object to answering any question, which the chairman of the committee will rule upon, which you feel would tend to incriminate you of any Federal offense. That does not apply, and I am sure that your attorneys have advised you, to anything that might tend to incriminate you of a State offense.

That will be the ruling of the chairman, in the event he refuses to answer any question.

All right, Mr. Halley, proceed with the examination.

Mr. HALLEY. What is your full name?

Mr. COHEN. Michael Cohen.

Mr. HALLEY. What is your address?

Mr. COHEN. 513 Moreno, West Los Angeles.

Mr. HALLEY. Do you have a business?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What is that business?

Mr. COHEN. A tailoring shop.

Mr. HALLEY. What is the address?

Mr. COHEN. 9649 Santa Monica Boulevard, Beverly Hills.

Mr. HALLEY. What is the name of the establishment?

Mr. COHEN. Al Pignola.

Mr. HALLEY. Would you not have known the name of the establishment without referring to the card that you have?

Mr. COHEN. No, I know it. I just didn't know the address offhand. I know the place but I don't go there too much.

Mr. HALLEY. Do you have any other business?

Mr. COHEN. Not at this time; no.

Mr. HALLEY. Have you ever been arrested?

Mr. COHEN. Yes, sir.

Mr. HALLEY. When, and where, and for what?

Mr. COHEN. I couldn't remember all of them.

Mr. HALLEY. Were you arrested in 1933 for suspicion of robbery?

Mr. COHEN. Yes, sir, I think so. Many times I have been arrested for suspicion of robbery.

Mr. HALLEY. Can you remember the times you have actually been convicted?

Mr. COHEN. Never convicted.

Mr. HALLEY. Never once in your life convicted?

Mr. COHEN. I have been convicted of a charge in Cleveland, Ohio, but I was restored to my full citizenship and was told to answer that I had never been convicted, by the judge.

Mr. HALLEY. Will you tell the committee the full facts?

Mr. STRONG. Of the conviction or the charge or what?

Mr. HALLEY. With what were you charged? What was the offense of which you were convicted; where and when and when were you pardoned?

Mr. COHEN. I was a prizefighter at the time. There were just a couple of kids training me, and myself, and some fellow that owned a restaurant, that was the manager of a restaurant, and he gave us a proposition of going into this restaurant and he would hand us some money. It was one of those kid things that you get involved in.

Mr. HALLEY. What was the charge?

Mr. COHEN. They charged us with embezzlement.

Mr. HALLEY. How much money was involved?

Mr. COHEN. Oh, I think about \$1,200 or \$1,400.

Mr. HALLEY. What year was that?

Mr. COHEN. I don't know.

Mr. HALLEY. That was while you were in Cleveland?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Was Frank Niccoli involved in that with you?

Mr. COHEN. That is right, that is the fellow involved.

Mr. HALLEY. He later came here to Los Angeles with you?

Mr. COHEN. That is right; yes.

Mr. HALLEY. He is now missing?

Mr. COHEN. That is right; yes.

Mr. HALLEY. He has disappeared?

Mr. COHEN. That is right, sir.

Mr. HALLEY. Were you ever convicted in Los Angeles?

Mr. COHEN. Of bookmaking.

Mr. HALLEY. How many times for bookmaking?

Mr. COHEN. One time.

Mr. HALLEY. When was that?

Mr. COHEN. I would say around 10 years ago.

Mr. HALLEY. Were you ever convicted of any other offense?

Mr. COHEN. No, sir.

Mr. HALLEY. Were you convicted of administering a beating to Russell Brophy?

Mr. COHEN. No, sir.

Mr. HALLEY. Were you not fined for that offense, you and Sica?

Mr. COHEN. Yes, sir; I don't remember the true outcome of the case. I think there was a fine; that is right.

Mr. HALLEY. That was a conviction, was it not?

Mr. COHEN. I imagine so; I didn't think of it.

Mr. HALLEY. Are there any other convictions? Try to think of them all now, Mr. Cohen.

Mr. COHEN. I don't even know the true outcome of the Brophy case. I can't recall that. Was there a fine with it? You probably have the record.

Mr. HALLEY. Let's start at the beginning. Russell Brophy managed the wire service here in Los Angeles; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. Giving racing wire service to bookies?

Mr. COHEN. That is right.

Mr. HALLEY. You and Joe Sica entered his place and beat him up; isn't that correct?

Mr. COHEN. There was some kind of a thing there; yes.

Mr. HALLEY. Let's not quibble about it. You and Sica beat him up pretty badly, didn't you?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You were brought before a court on charges of that, were you not?

Mr. COHEN. That is right.

Mr. HALLEY. Do you recall that Sica was fined \$200 and you were fined \$100?

Mr. COHEN. I think that is right; yes.

Mr. HALLEY. You do recall it now?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Who hired you to do that beating?

Mr. COHEN. Nobody.

Mr. HALLEY. Did you have any connection with the wire service at that time?

Mr. COHEN. No, sir.

Mr. HALLEY. When else were you ever convicted?

Mr. COHEN. That was the only time, that there time and the time in Cleveland and the bookmaking time.

Mr. HALLEY. Were you ever convicted in Chicago?

Mr. COHEN. No, sir.

Mr. HALLEY. You lived in Chicago, did you not?

Mr. COHEN. That is right, yes.

Mr. HALLEY. You left Chicago under a cloud, did you not?

Mr. STRONG. What is a "cloud," Mr. Counsel?

Mr. HALLEY. You were forced to leave Chicago, were you not?

Mr. COHEN. No, sir.

Mr. HALLEY. Were you ever arrested in Chicago?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Were you ever arrested in New York?

Mr. COHEN. New York, no, sir.



Mr. HALLEY. Now, I have here a criminal record and I will go down the list of your arrests with you, Mr. Cohen, and will you please state whether or not the record is accurate in each case.

I have here an arrest in 1933, July of 1933, for suspicion of robbery. Do you recall that?

Mr. COHEN. I can't recall the dates.

Mr. HALLEY. That would be in Cleveland.

Mr. COHEN. I don't recall the date.

Mr. HALLEY. In 1934——

The CHAIRMAN. Just a minute, please. Regardless of the date, about that time were you arrested for suspicion of robbery in Cleveland?

Mr. COHEN. It is possible, sir, but I know the time or the dates. I have been arrested for suspicion of robbery 20 or 30 times.

The CHAIRMAN. We are not holding you to the exact date. Approximately, in the middle of 1933, were you arrested for the suspicion of robbery in Cleveland?

Mr. COHEN. It is probably so if it is on the record; I don't know. I couldn't answer truthfully and tell you I do know if I don't.

Mr. HALLEY. You were arrested so often on suspicion of robbery that the particular date that I have mentioned would elude you?

Mr. COHEN. There is a law in Los Angeles, that every time they arrest you on suspicion, it is on the suspicion of robbery.

Mr. HALLEY. Do they have the same law in Cleveland, too, whenever they pick you up?

Mr. COHEN. Possibly so.

Mr. HALLEY. Everybody who is picked up is charged with suspicion of robbery?

Mr. COHEN. If you are picked up for any kind of a thing, yes.

Mr. HALLEY. You don't mean that, do you?

Mr. COHEN. That is the ruling here, yes.

Mr. HALLEY. You have been picked up for embezzlement; you have been picked up for bookmaking; you have been picked up just on suspicion, and you have been picked up for conspiracy. You have also been picked up for murder. Why do you say whenever you are picked up, you are picked up on suspicion of robbery?

Mr. COHEN. Because I have been picked up 20 or 30 times on suspicion of robbery.

Mr. HALLEY. In some of those cases there was a basis for the suspicion, was there not?

Mr. COHEN. Not to my knowledge.

Mr. HALLEY. The next time you were picked up, according to your record, in 1934, was in Cleveland for embezzlement. I believe that is the charge on which you were convicted, as you testified; is that right?

Mr. COHEN. That is right, yes.

Mr. HALLEY. You received a suspended sentence of 2 years; is that right?

Mr. COHEN. I think so; yes, sir.

Mr. HALLEY. Then you were pardoned?

Mr. COHEN. That is right, yes.

Mr. HALLEY. Who pardoned you?

Mr. COHEN. The judge that sentenced me. That is to the best of my knowledge, yes.

Mr. HALLEY. The judge that sentenced you, pardoned you?

Mr. COHEN. That is to the best of my knowledge, yes.

Mr. HALLEY. Mr. Cohen, where were you born?

Mr. COHEN. In New York City.

Mr. HALLEY. When?

Mr. COHEN. In 1916, I think.

Mr. HALLEY. 1916?

Mr. COHEN. No; I don't remember.

Mr. HALLEY. How old are you?

Mr. COHEN. Thirty-seven.

Mr. HALLEY. You are 37?

Mr. COHEN. Yes.

Mr. HALLEY. Then you were born in 1913.

Mr. COHEN. That is right; yes, 1913.

Mr. HALLEY. And you were born in New York City?

Mr. COHEN. Yes.

Mr. HALLEY. How long did you live there?

Mr. COHEN. Oh, I guess around 4 years.

Mr. HALLEY. From New York City where did your parents take you?

Mr. COHEN. To Los Angeles.

Mr. HALLEY. You have been here since 1917?

Mr. COHEN. Off and on; yes.

Mr. HALLEY. When did you first leave Los Angeles for any extended period? Perhaps we can help you this way: Were you educated in Los Angeles? Did you go to school here?

Mr. COHEN. I only went through a few grades in school.

Mr. HALLEY. Just a few grades in school?

Mr. COHEN. That is right.

Mr. HALLEY. Then what did you do?

Mr. COHEN. Then I became a prize fighter.

Mr. HALLEY. How long were you a prize fighter?

Mr. COHEN. About 9 years.

Mr. HALLEY. You traveled, I presume, a good deal while you were a prize fighter?

Mr. COHEN. That is right.

Mr. HALLEY. Then you went to live in Cleveland?

Mr. COHEN. I lived in Cleveland for around 4 or 5 years; I boxed around there.

Mr. HALLEY. During what period of time?

Mr. COHEN. Well, that is about 17 years ago; 16 or 17 years ago.

Mr. HALLEY. About 1933 or 1934?

Mr. COHEN. That would be about right; yes.

Mr. HALLEY. And you fought a considerable amount in the Cleveland area?

Mr. COHEN. That is right; 32 main events.

Mr. HALLEY. Thirty-two main events?

Mr. COHEN. Yes.

Mr. HALLEY. What weight did you fight?

Mr. COHEN. I started as a flyweight.

Mr. HALLEY. Were you pretty good?

Mr. COHEN. Not too good.

Mr. HALLEY. How long did you fight; for how many years?

Mr. COHEN. About 9 years.

Mr. HALLEY. From Cleveland where did you go?

Mr. COHEN. To Chicago.

Mr. HALLEY. To Chicago?

Mr. COHEN. Yes.

Mr. HALLEY. How long did you live in Chicago?

Mr. COHEN. Around 6 or 7 years; about 6 years, I think.

Mr. HALLEY. You left Chicago about 1939?

Mr. COHEN. I think that would be right, yes.

Mr. HALLEY. And you came back to Los Angeles?

Mr. COHEN. Yes, sir.

Mr. HALLEY. When you lived in Chicago, what was your business?

Mr. COHEN. Well, I originally was boxing around Chicago. From being a boxer, I went into some of the gambling businesses.

Mr. HALLEY. You went into the gambling business in Chicago?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Then in 1939 you came here?

Mr. COHEN. That is right; yes.

Mr. HALLEY. And you went into the gambling business here; is that right?

Mr. COHEN. I done some gambling around here; yes, sir.

Mr. HALLEY. You say you have done some gambling?

Mr. COHEN. Yes.

Mr. HALLEY. Wasn't it your major business here?

Mr. COHEN. At one time, yes; not today.

Mr. HALLEY. We will talk about today later, if you please.

Now, getting back to your arrests, so we can fit it into the time table that we have built. In 1939, on your return here in November, were you arrested again on suspicion of robbery?

Mr. COHEN. I think I was. I don't remember. I can't remember the times.

Mr. HALLEY. In 1940 were you arrested again?

Mr. COHEN. Possibly so.

Mr. HALLEY. Was that the occasion, do you recall, of having been arrested at 6336 Orange Drive with Joe Sica on a charge of prostitution?

Mr. COHEN. Prostitution?

Mr. HALLEY. Yes; with a lady.

Mr. COHEN. Not me.

Mr. HALLEY. Did you live at 6336 Orange Drive?

Mr. COHEN. I don't know if I did or not; I don't think so.

Mr. HALLEY. Do you know where Orange Drive is?

Mr. COHEN. Not offhand, no.

Mr. HALLEY. You would not know offhand whether you lived on Orange Drive or not?

Mr. COHEN. I can't recall.

Mr. HALLEY. You do not recall being arrested in 1935 with Joe Sica in an apartment with a prostitute?

Mr. COHEN. No.

Mr. HALLEY. For residing there and not for just visiting with this prostitute?

Mr. COHEN. No; I don't recall it.

Mr. HALLEY. But it is possible, is it?

Mr. COHEN. I don't think it is even possible. I don't remember it.

Mr. HALLEY. Would you contest the police record?

Mr. COHEN. I don't understand you. We were arrested in an apartment, you say?

Mr. HALLEY. Yes.

Mr. COHEN. And we were charged with prostitution?

Mr. HALLEY. Yes.

Mr. COHEN. That is untrue.

Mr. HALLEY. That is untrue?

Mr. COHEN. Yes.

Mr. HALLEY. You were charged with maintaining the prostitute there.

Mr. COHEN. That is absolutely untrue.

Mr. HALLEY. Is that right? That is untrue, you say?

Mr. COHEN. To the best of my knowledge it isn't true, yes.

Mr. HALLEY. Then you were arrested on two occasions in 1940 for suspicion?

Mr. COHEN. That there other case there, was that a case that we went to trial on, you say?

Mr. HALLEY. Apparently not. You were picked up and released.

Mr. COHEN. I can't tell what officers will charge you with; they can charge you with anything.

Mr. HALLEY. It was not suspicion of prostitution.

Cohen was found residing at 6336 Orange Drive with a prostitute and Joe Sica was sleeping in the back room of the same apartment.

That is what the record states.

Mr. COHEN. I have never been with a prostitute.

Mr. HALLEY. Then the record is wrong?

Mr. COHEN. The charge is wrong.

Mr. HALLEY. There was no conviction on it. I am simply asking you if you were charged with that.

Mr. COHEN. I don't know if I was charged with that; if I was charged with it, it is absolutely wrong.

Mr. HALLEY. Your denial stands on the record, Mr. Cohen.

Mr. COHEN. That is right.

Mr. STRONG. He is saying he doesn't know.

Mr. HALLEY. He denies it happened.

Mr. STRONG. He does not know what the police gave as the reason for the arrest.

The CHAIRMAN. Will you direct your objections to any questions to the committee and I think we will get along better that way.

Mr. STRONG. Yes, sir. I will have very few objections.

Mr. HALLEY. You were arrested twice on suspicion in 1940; is that right?

Mr. COHEN. I can't answer that. I don't know truthfully if I was or not.

Mr. HALLEY. But it could have happened?

Mr. COHEN. It could have; yes, sir.

Mr. HALLEY. Then in 1941 do you recall having been arrested for bookmaking in Los Angeles?

Mr. COHEN. 1941; I think that is right.

Mr. HALLEY. And again in 1942 for bookmaking; would that be right?



Mr. COHEN. I only recall once being arrested for bookmaking and being convicted of it.

Mr. HALLEY. When was that conviction, do you recall?

Mr. COHEN. I think it was about 10 years ago.

Mr. HALLEY. Do you recall being arrested on a felony warrant in 1942?

Mr. COHEN. No, sir.

Mr. HALLEY. In July of 1942?

Mr. COHEN. I do not.

Mr. HALLEY. Could that have been the occasion when you were arrested in San Pedro in connection with the charge of assault on Russell Brophy?

Mr. COHEN. I was never arrested in San Pedro.

Mr. HALLEY. You were never arrested in San Pedro?

Mr. COHEN. To the best of my knowledge, I was never arrested in San Pedro.

Mr. HALLEY. Where was the assault on Brophy? Here in Los Angeles?

Mr. COHEN. There was no assault, really; it was just an argument.

Mr. HALLEY. Two of you hit him; isn't that what happened?

Mr. COHEN. I know I hit him. I don't know who else hit him. I know I hit him.

Mr. HALLEY. Joe Sica hit him, too, didn't he?

Mr. COHEN. I don't know; I know I hit him.

Mr. HALLEY. The court apparently did think you both hit him; you were fined \$100 and he was fined \$200.

Mr. COHEN. Then I must have hit him less.

Mr. HALLEY. Then it appears that Sica hit him, too.

Mr. COHEN. I imagine so if he got fined.

Senator WILEY. Did you get your money's worth?

Mr. HALLEY. That would not be the same charge, because that was in September of 1942 and I see that in July of 1942 you were arrested for a felony and then dismissed, on a felony warrant. Do you recall that?

Mr. COHEN. In San Pedro, are you talking about?

Mr. HALLEY. No; in Los Angeles.

Mr. COHEN. It could be so, but I don't remember the particular incident.

Mr. HALLEY. In connection with the Brophy case, you were also charged in September of 1942 with injuring telephone wires; is that right?

Mr. COHEN. I think that is right.

Mr. HALLEY. Now, in 1943, do you recall having been charged with maintaining a crap game?

Mr. COHEN. In 1943?

Mr. HALLEY. Yes.

Mr. COHEN. Where was it at?

Mr. HALLEY. In Los Angeles.

Mr. COHEN. I think that is right.

Mr. HALLEY. Did you maintain a crap game in 1943, in Los Angeles?

Mr. COHEN. I did; yes.

Mr. HALLEY. In 1944, were you arrested for vagrancy in Los Angeles?

Mr. COHEN. I think that is right.

Mr. HALLEY. In 1945, were you arrested in the month of May on suspicion of murder?

Mr. COHEN. 1945?

Mr. HALLEY. Yes; May of 1945.

Mr. COHEN. I think that is right.

Mr. HALLEY. Was that the occasion in which Max Shaman was killed in Los Angeles?

Mr. COHEN. I think it may be.

Mr. HALLEY. You were charged with the killing; is that right?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You claimed that you had killed him but that it was in self-defense?

Mr. COHEN. That is true.

Mr. HALLEY. The district attorney's office sustained your contention of self-defense and the charge was dropped; is that right?

Mr. COHEN. That is right; yes.

Mr. HALLEY. The murder—the homicide, pardon me—took place in a store that you operated, is that right, called the Paint Shop?

Mr. COHEN. That is right; yes.

Mr. HALLEY. That was a bookmaking establishment, was it not?

Mr. COHEN. It was a paint shop and a bookmaking establishment.

Mr. HALLEY. The paint shop was a front for the bookmaking, wasn't it?

Mr. COHEN. I decline to answer that on the ground it may incriminate me.

Mr. HALLEY. I will ask the Chair to rule. I believe there is no Federal offense involved.

The CHAIRMAN. You are directed to answer that question.

Mr. STRONG. May I ask one question, Mr. Chairman?

The CHAIRMAN. Very well.

Mr. STRONG. I would like to get the procedure straight. Does he have to repeat after you direct him to answer, does he have to repeat that he declines to answer on the ground that it would tend to incriminate him?

The CHAIRMAN. He either answer the question or repeats that he refuses to answer.

Mr. STRONG. Do you understand that?

Mr. COHEN. I must repeat that I decline to answer?

Mr. STRONG. Yes, or answer the question.

Mr. COHEN. Can I have the question again?

Mr. HALLEY. I think we can simplify it, Mr. Cohen.

The CHAIRMAN. Let us get the question and get a ruling on it.

Mr. Reporter, will you read the question?

(Question read.)

The CHAIRMAN. The Chair directs you to answer the question.

Mr. COHEN. Well, I wouldn't say, Senator, that it was a front. There was a paint business going on in there but there was also bookmaking going on in there.

The CHAIRMAN. Proceed.

Mr. COHEN. That would be the true answer.

Senator WILEY. Did the paint business pay or did the bookmaking pay?

Mr. COHEN. They both paid.

Senator WILEY. What percentage?

Mr. COHEN. I wouldn't know; I don't know that, sir.

The CHAIRMAN. The bookmaking was the big business and the paint business was the little business; is that right?

Mr. COHEN. The bookmaking was a good business, yes.

Senator WILEY. One horse and one rabbit and a sausage?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What happened on that occasion? Did Shaman come in and attack you?

Mr. COHEN. That is true.

Mr. HALLEY. Were you armed?

Mr. COHEN. I wasn't armed, no.

Mr. HALLEY. How did you kill him?

Mr. COHEN. There was a gun in the desk.

Mr. HALLEY. Was it your desk?

Mr. COHEN. Yes.

Mr. HALLEY. You pulled out the gun and shot him?

Mr. COHEN. When I was attacked, yes, that is right. He had a gun also.

Mr. HALLEY. He pulled his gun first?

Mr. COHEN. That is right. He came in with his gun.

Mr. HALLEY. Why did he want to kill you? Did he say anything?

Mr. COHEN. Why did he want to kill me?

Mr. HALLEY. Did he make any statements to indicate or call your name or accuse you of something as he came in with the gun?

Mr. COHEN. He just started an argument. He just started a tussle.

Mr. HALLEY. Had you had previous dealings with him?

Mr. COHEN. Not with him, no.

Mr. HALLEY. Why did he pick you out to kill?

Mr. COHEN. I had a fist fight with his brother.

Mr. HALLEY. How long previous to that?

Mr. COHEN. About 5 or 6 days.

Mr. HALLEY. What was the subject of the fist fight?

Mr. COHEN. I really don't know; it was just an argument and he took it up.

Mr. HALLEY. Did you win the fist fight?

Mr. COHEN. I think so.

Mr. HALLEY. You beat his brother up pretty badly, did you not?

Mr. COHEN. I won the fight.

Mr. HALLEY. Was his brother a professional fighter, too?

Mr. COHEN. No, but he was a much bigger man than myself.

Mr. HALLEY. But you were a trained professional athlete?

Mr. COHEN. Not now I am not; I was.

Senator WILEY. Was there a trial in that case?

Mr. COHEN. No, there was no trial, I don't think.

Mr. HALLEY. You were never charged with assault for beating up Shaman's brother, were you?

Mr. COHEN. No, it was just an argument; just a fist fight. There was no assault.

Mr. HALLEY. Was it an argument like the argument with Brophy?

Mr. COHEN. Similar, the same sort of argument, yes; just a personal argument.

Mr. HALLEY. The Brophy thing wasn't a personal argument, was it?

Mr. COHEN. It was a personal argument.

Mr. HALLEY. You and Sica went into this man's place, ripped out the telephones, and beat him up; isn't that right?

Mr. COHEN. That is right.

Mr. HALLEY. What was personal about that?

Mr. COHEN. It was a personal argument.

Mr. HALLEY. It was a business argument, was it not?

Mr. COHEN. It was no business argument.

Mr. HALLEY. It had to do with whether Brophy was to continue to have the wire service in Los Angeles, did it not?

Mr. COHEN. No, sir.

Mr. HALLEY. Why did you rip out the telephones?

Mr. COHEN. I don't know; I never ripped the phones out myself.

Mr. HALLEY. Were you just mean? Did you just rip out the phones to be mean about it?

Mr. COHEN. Probably so; just an argument.

Mr. HALLEY. Of course, Brophy went out of the wire service business right after that, you know that, don't you?

Mr. COHEN. I don't think he did.

Mr. HALLEY. Oh, yes, he did.

Mr. COHEN. I don't remember him going out of the business.

Mr. HALLEY. He got out, didn't he?

Mr. COHEN. I didn't know that; I didn't think he did.

Mr. HALLEY. Does that surprise you?

Mr. COHEN. Yes, it does.

Mr. HALLEY. What was the argument with Brophy about, if it was a personal one?

Mr. COHEN. I really don't recall the full argument, what it was all about. It was just some personal differences, that is all.

Mr. HALLEY. What were they about?

Mr. COHEN. I don't know. I think I wanted some service and he refused to give it to me, or something like that. I don't recall exactly.

Mr. HALLEY. Why did you have Sica with you?

Mr. COHEN. Sica and I were together at the time. We were very close friends.

Mr. HALLEY. Were you in business together?

Mr. COHEN. No.

Mr. HALLEY. He just came along to help you argue?

Mr. COHEN. I think that was it, yes.

Mr. HALLEY. And Brophy had refused to give you wire service?

Mr. COHEN. He refused to give me some service. He refused to serve me with the service or something like that; I don't recall the exact argument.

Mr. HALLEY. So you beat him up?

Mr. COHEN. One word led to another and we had an argument.

Mr. HALLEY. He went to the hospital, didn't he?

Mr. COHEN. I think that is right.

Mr. HALLEY. Do you know Jack Dragna?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Did you see Jack Dragna before you went to have an argument with Brophy?



Mr. COHEN. No, sir.

Mr. HALLEY. Now, we have just covered May of 1945, when you were arrested in connection with the shooting and killing of Max Shaman. In November of 1945, were you in trouble again on suspicion of robbery?

Mr. COHEN. I can't answer that; I don't know. I think so. There were many times that I was pinched for that.

Mr. HALLEY. In January of 1946 were you arrested again on suspicion?

Mr. COHEN. If it is on the police record, it is possibly so; I can't remember the dates.

Mr. HALLEY. You don't want to contest the police records, in any event, do you?

Mr. COHEN. I do not want to contest the police record on one of those things.

Mr. HALLEY. And you made it clear for the record on the one you do want to protest?

Mr. COHEN. That is right.

Mr. HALLEY. But on this you do not?

Mr. COHEN. On the amount of pinches?

Mr. HALLEY. That is right.

Mr. COHEN. No, I guess they know the number of times they pinched me; I don't know.

Mr. HALLEY. In May of 1946, was a man named Pauley Gibbons killed?

Mr. COHEN. I have read about it in the papers; yes.

Mr. HALLEY. He was in the bookmaking business, too; was he not?

Mr. COHEN. I don't know; I didn't know his business.

Mr. HALLEY. Were you in the bookmaking business in May of 1946? You do remember you were in it in May of 1945 when Shaman was killed.

Mr. COHEN. In 1946, I think so; yes.

Mr. HALLEY. Were you expanding your business at about that time?

Mr. COHEN. Expanding?

Mr. HALLEY. Your bookmaking business.

Mr. COHEN. I wouldn't say I was expanding.

Mr. HALLEY. Were you covering a little more territory than you had in the past?

Mr. COHEN. I never done no business locally, if that is what you mean.

Mr. HALLEY. You explain what you mean, if you please.

Mr. COHEN. My business wasn't done locally.

Mr. HALLEY. How was it done?

Mr. COHEN. Over the telephone.

Mr. HALLEY. Where did you get your customers?

Mr. COHEN. I done business with different offices.

Mr. HALLEY. Different bookmakers?

Mr. COHEN. Yes.

Mr. HALLEY. They laid off their bets with you; is that what you mean?

Mr. COHEN. I moved some money for them and I laid some bets off with them.

Mr. HALLEY. Did you have any customers or bettors yourself?

Mr. COHEN. No.

Mr. HALLEY. In other words, you were a bookie's bookie; is that right? Your customers were the bookies?

Mr. COHEN. That is right; yes; offices.

Mr. HALLEY. Weren't you attempting to get more customers during the year 1946, spreading out into new territory for more bookies?

Mr. COHEN. I never had no customers.

Mr. HALLEY. You had no customers in Los Angeles?

Mr. COHEN. No.

Mr. HALLEY. Or in Los Angeles County?

Mr. COHEN. None whatsoever.

Mr. HALLEY. That is a very broad statement, Mr. Cohen, and you are under oath. Would you say that you never had a customer from whom you accepted a bet in Los Angeles City or Los Angeles County?

Mr. STRONG. May I ask, are you referring to customers other than the bookies he testified about?

Mr. HALLEY. I am trying to get the facts, and if you will bear with us I think we will get the facts straight.

Mr. COHEN. You mean if I ever took a bet from anybody in the city or in the county?

Mr. HALLEY. Surely.

Mr. COHEN. I couldn't say that I have never taken a bet from anybody in the city or the county, but I never had them as customers. Somebody may have gotten a tip on a horse and asked me to take a bet off them or something like that as a favor, but I have never had them as customers.

Mr. HALLEY. Who were your customers?

Mr. COHEN. Different offices throughout the country.

Mr. HALLEY. Where?

Mr. COHEN. In Boston, in West Palm Beach, and in Florida.

Mr. HALLEY. With whom did you deal in Boston?

Mr. COHEN. A fellow by the name of Paladino.

Mr. HALLEY. What is his first name?

Mr. COHEN. Rocky.

Mr. HALLEY. What year was he a customer of yours?

Mr. COHEN. You wouldn't call him a customer. They were not like customers. He would call me on a horse and I would move some money for him and maybe bet some money on the horse myself.

Mr. HALLEY. You were talking about customers. I am asking you about your customers.

Mr. COHEN. You can't call these offices customers.

Mr. HALLEY. You used the word, I believe.

Mr. STRONG. No; you used it.

Mr. HALLEY. Didn't you have any customers?

Mr. COHEN. No; no customers; I didn't deal with private individuals.

Mr. HALLEY. Who came into the paint store to make bets with you?

Mr. COHEN. Nobody.

Mr. HALLEY. They would all call on the telephone?

Mr. COHEN. That is right.

Mr. HALLEY. From whom would they come?

Mr. COHEN. Who the bets would come from, you mean?

Mr. HALLEY. Yes.

Mr. COHEN. From different offices.

Mr. HALLEY. Around the country?

Mr. COHEN. Who I happened to be doing business with at that time.

Mr. HALLEY. Who are the offices you were doing business with?

Mr. COHEN. One was Jay Copeland.

Mr. HALLEY. Where is he?

Mr. COHEN. He is dead.

Mr. HALLEY. Where was he?

Mr. COHEN. San Francisco. You are talking about that particular time in the paint shop?

Mr. HALLEY. Yes.

Mr. COHEN. Jay Copeland. I did business with an office in New Jersey.

Mr. HALLEY. With Frank Erickson?

Mr. COHEN. No; the name was Rogers. You know, I have never seen these people, never even seen these people. I seen Copeland, but a lot of people I never seen.

Mr. HALLEY. What city was Rogers in? What part of New Jersey was he in?

Mr. COHEN. Asbury Park or something like that.

Mr. HALLEY. Asbury Park?

Mr. COHEN. I think so; yes.

Mr. HALLEY. With whom else did you deal in 1945 and 1946?

Mr. COHEN. I did business with an office in Chicago, Fischer.

Mr. HALLEY. Which Fischer? Is that Fischetti's office?

Mr. COHEN. No; I never done business with him.

Mr. HALLEY. Which Fischer is this?

Mr. COHEN. I don't know; his name was Sam Fischer. He is a Fischer—Sam Fischer.

Mr. HALLEY. Sam Fischer?

Mr. COHEN. Yes.

Mr. HALLEY. Did you ever do business in Chicago with Harry Russell?

Mr. COHEN. No, sir.

Mr. HALLEY. Or Ralph Pierce?

Mr. COHEN. No, sir.

Mr. HALLEY. Now, in 1945 and in 1946 did you do any business at all with bookies in Los Angeles?

Mr. COHEN. In Los Angeles?

Mr. HALLEY. Yes.

Mr. COHEN. Nothing that would be considered business.

Mr. HALLEY. Did you do any business with bookies in Los Angeles County?

Mr. COHEN. No, sir; nothing that would be considered business.

Mr. HALLEY. How do you distinguish between doing something and doing something that would be considered business?

Mr. COHEN. Somebody that I may know may have a tip on a horse, may have what you call a hot horse and couldn't get on nowhere, and they would ask me if I would move a hundred or two hundred for them or five hundred, or whatever it happened to be, but it was no business. I never done straight-out business with them. They knew that I had outs to move money, and sometimes they would call me to move them, but you couldn't consider it doing business with them. They were not customers.

Mr. HALLEY. They did not do it on a regular basis with you?

Mr. COHEN. They would call me as a favor. If they couldn't get off, they would call me. It was tough to get off at different times with horses.

Mr. HALLEY. The people you have just referred to like Copeland and Rogers, they were people who you say you did business with?

Mr. COHEN. That is right; yes.

Mr. HALLEY. They would call you regularly each day?

Mr. COHEN. That is right.

Mr. HALLEY. And place bets with you?

Mr. COHEN. That is right.

Mr. HALLEY. On a substantial scale?

Mr. COHEN. Yes; and I would place bets with them.

Mr. HALLEY. Did you know this man Pauley Gibbons who was killed in 1946?

Mr. COHEN. I knew him, but not very well.

Mr. HALLEY. Wasn't he a bookie in Los Angeles?

Mr. COHEN. I couldn't answer that; I don't know his business.

Mr. HALLEY. Isn't it a fact that you were trying to muscle into his territory?

Mr. COHEN. I never muscled in on a person in my life.

Mr. HALLEY. You used your muscles to get what you wanted on occasions; isn't that correct?

Mr. COHEN. I never muscled anybody in my life.

Mr. HALLEY. Then we get back to Brophy. You wanted wire service, didn't you?

Mr. COHEN. That is right.

Mr. HALLEY. You beat him up, didn't you?

Mr. COHEN. I didn't beat him up to force him to give me wire service.

Mr. HALLEY. Just to persuade him, shall we say?

Mr. COHEN. No.

Mr. HALLEY. Wasn't that muscle?

Mr. COHEN. It wasn't like that at all; that isn't muscle.

Mr. HALLEY. Explain how that differs from muscle?

Mr. STRONG. Isn't that getting a little bit ambiguous? Are you talking about muscling in, which is known generally, or are you talking about the muscles of the body?

The CHAIRMAN. I think the witness understands what is meant.

Mr. COHEN. There was no muscle in the Brophy deal at all.

Mr. HALLEY. I mean "muscle" in the sense of using your muscles to beat him up.

Mr. COHEN. In that sense I guess so; sure.

Mr. HALLEY. You weren't trying to muscle in on Gibbons, were you?

Mr. COHEN. No, sir.

Mr. HALLEY. You knew nothing about his murder in 1946?

Mr. COHEN. Nothing whatsoever.

Mr. HALLEY. That was May of 1946. Did you know Benny Gamson and George Levinson?

Mr. COHEN. I know of them; I knew them, yes; but not too well.

Mr. HALLEY. You knew them too, did you not?

Mr. COHEN. Yes.



Mr. HALLEY. They were bookmakers, too, weren't they?

Mr. COHEN. I don't think so.

Mr. HALLEY. You don't think they were in the bookmaking business?

Mr. COHEN. I don't think so; no.

Mr. HALLEY. You have never been told they were bookies?

Mr. COHEN. I don't think so; no.

Mr. HALLEY. Hadn't you made threats to them, and they made threats to you?

Mr. COHEN. No, sir; they did not.

Mr. HALLEY. If the Los Angeles Police Department thinks that is so, the Los Angeles Police Department is just wrong, then?

Mr. COHEN. I can't help what the Los Angeles Police Department thinks. They think a lot of things that are wrong.

Mr. HALLEY. You think the Los Angeles Police Department is wrong about that?

Mr. COHEN. There is no question about it.

Mr. HALLEY. They were both killed at 4901 Beverly Boulevard on October 3, 1946. Do you know anything about their murder?

Mr. COHEN. Not a thing.

Mr. HALLEY. Let me read the record of the Los Angeles Police Department on that, and then I would ask you to comment on it.

Benny "Meatball" Gamson and George Levinson were killed in their apartment at 4901 Beverly Boulevard. Cohen and Gamson had been feuding for some time, and threats had been made back and forth. Pauley Gibbons was a partner of "Meatball" Gamson. Gamson and Levinson were also in the book-making rackets, and their demise was very advantageous to Cohen's interests.

Mr. COHEN. What was that?

Mr. HALLEY. "Demise." I take it from your shaking of your head you disagree with the Los Angeles Police Department?

Mr. COHEN. One hundred percent.

Senator WILEY. Were they friends of yours, these people?

Mr. COHEN. No, sir.

Mr. HALLEY. Now in 1948 were you arrested in connection with the beating of a man named Petroff?

Mr. COHEN. In 1948 a man named Petroff?

Mr. HALLEY. Yes; William Henry Petroff.

Mr. COHEN. I don't even know the man, I don't think.

Mr. HALLEY. Did you ever offer a bribe to a police officer to get him to refuse to sign a complaint against you in connection with the Petroff case?

Mr. COHEN. No, sir; I never offered no bribe to a police officer.

Mr. HALLEY. You know the Sicas, of course.

Mr. COHEN. Yes, sir.

Mr. HALLEY. Did you ever know that they were charged with beating Petroff on August 30, 1948?

Mr. COHEN. Oh, I didn't know what the case was. Now I know what you mean.

Mr. HALLEY. Now you remember it?

Mr. COHEN. Yes.

Mr. HALLEY. Do you remember that you were accused of having threatened Petroff that he would get worse if he signed a complaint?

Mr. COHEN. I don't think I was accused of that; no.

Mr. HALLEY. Weren't you and Dave Ogul and Jimmy Rist arrested on that?

Mr. COHEN. We were pinched on it.

Mr. HALLEY. When the police pinch you, they accuse you, don't they?

Mr. COHEN. The police asked me to go and get this Petroff.

Mr. HALLEY. They asked you to go and get him?

Mr. COHEN. Yes.

Mr. HALLEY. On the way in you threatened him that he better not sign a complaint, didn't you?

Mr. COHEN. I never threatened him at all; nobody threatened him.

Mr. HALLEY. Why would the police ask you to get somebody that the Sicas beat up?

Mr. COHEN. Because this particular fellow called up, called up my office for me.

Mr. HALLEY. What particular fellow?

Mr. COHEN. This here fellow that had the trouble with Sica.

Mr. HALLEY. Petroff, you mean?

Mr. COHEN. Yes.

Mr. HALLEY. When did he call your office? After the beating?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Did he think you had something to do with the beating? Why would he call your office?

Mr. COHEN. He wanted to know what to do. He must have thought I could advise him what to do about it or that I could straighten it out with him and Sica, something to that effect, I imagine.

Mr. HALLEY. The Sicas were close associates of yours; is that right?

Mr. COHEN. They weren't close at that time.

Mr. HALLEY. You worked with them on and off; is that right?

Mr. COHEN. The Sicas have been friends of mine, yes.

Mr. HALLEY. Did you attempt to bribe him, Petroff, I mean?

Mr. COHEN. I absolutely did not.

Mr. HALLEY. You did not?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you remember taking him to a ranch near Malibu?

Mr. COHEN. I never took him nowhere. He met me at a ranch in Malibu.

Mr. HALLEY. He met you there?

Mr. COHEN. That is right.

Mr. HALLEY. What did you do at the ranch? What happened there?

Mr. COHEN. It was his attorney that we met.

Mr. HALLEY. Do you remember some guns being waved around at the ranch?

Mr. COHEN. There were no guns.

Mr. HALLEY. There weren't three guns?

Mr. COHEN. Absolutely not.

Mr. HALLEY. You carried a gun, didn't you, at that time?

Mr. COHEN. I did not.

Mr. HALLEY. Didn't any of your men carry guns?

Mr. COHEN. Not that I know of; what do you mean by "my men"?

Mr. HALLEY. A lot of people have gotten shot, you know.

Mr. COHEN. What do you mean by "my men"?

Mr. HALLEY. The people who were working for you or with you.

Mr. COHEN. There is nobody who works for me or with me.

Mr. HALLEY. Now, Mr. Cohen, did Neddie Herbert work for you or with you?

Mr. COHEN. He never worked for me at all.

Mr. HALLEY. Wasn't he a bodyguard?

Mr. COHEN. Neddie Herbert was no bodyguard at all. He was my good friend.

Mr. HALLEY. What was his business?

Mr. COHEN. What was his business?

Mr. HALLEY. Yes.

Mr. COHEN. I can't answer what was his business.

Mr. HALLEY. He was always with you?

Mr. COHEN. Out here?

Mr. HALLEY. Yes.

Mr. COHEN. I don't think he had too much business at all. He done a little gambling and betting.

Mr. HALLEY. Who supported him?

Mr. COHEN. He had money.

Mr. HALLEY. Where did he get it?

Mr. COHEN. He owned a bank in New York City.

Mr. HALLEY. Neddie Herbert owned a bank in New York City?

Mr. COHEN. Yes.

Mr. HALLEY. You didn't give him any money?

Mr. COHEN. Did I give him any money?

Mr. HALLEY. Yes.

Mr. COHEN. I have loaned him money at different times and he has loaned me money at different times.

Mr. HALLEY. What bank did Neddie Herbert own?

Mr. COHEN. I don't know the name of it. It was one of those privately owned banks.

Mr. HALLEY. The same bank that Frankie Milano owned?

Mr. COHEN. No.

Mr. HALLEY. They both owned banks?

Mr. COHEN. Frank Milano?

Mr. HALLEY. Yes.

Mr. COHEN. He don't own a bank that I know of.

Mr. HALLEY. Frank Milano doesn't own a bank?

Mr. COHEN. No.

Mr. HALLEY. But Neddie Herbert does or did?

Mr. COHEN. I don't think Milano owns a bank.

Mr. HALLEY. Anthony Milano owns a bank, does he?

Mr. COHEN. Yes.

Mr. HALLEY. Where does he own it?

Mr. COHEN. In Cleveland, Ohio.

Mr. HALLEY. And not in New York?

Mr. COHEN. No.

Mr. HALLEY. Anthony does not own one in New York?

Mr. COHEN. Not that I know of; not to my knowledge.

Mr. HALLEY. Neddie Herbert was killed, wasn't he?

Mr. COHEN. That is right.

Mr. HALLEY. In fact, you were with him when it happened?

Mr. COHEN. That is right.

Mr. HALLEY. Were either of you armed at that time?

Mr. COHEN. No, sir.

Mr. HALLEY. Neither one of you had a gun?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you remember when Harry Rothman was killed?

Mr. COHEN. That is right.

Mr. HALLEY. Was he your bodyguard?

Mr. COHEN. No, sir.

Mr. HALLEY. He had a gun at the time, didn't he?

Mr. COHEN. No, sir.

Mr. HALLEY. Rist had a gun, didn't he?

Mr. COHEN. No.

Mr. HALLEY. Neither of them had a gun?

Mr. COHEN. No, sir.

Mr. HALLEY. Let's see if we can find an occasion when you did have a gun.

Mr. COHEN. You can't find any; I never had a gun. I only had a gun one time.

Mr. HALLEY. When?

Mr. COHEN. In my place of business where I was at.

Mr. HALLEY. And that is the only time?

Mr. COHEN. I have had a gun, but I have never had it on me or on the streets with it.

Mr. HALLEY. Do you know a fellow named Utley?

Mr. COHEN. Yes; I know him.

Mr. HALLEY. Do you remember the time you pistol-whipped Utley?

Mr. COHEN. I never pistol-whipped Utley.

Mr. HALLEY. You did not?

Mr. COHEN. No, sir.

Mr. HALLEY. What happened; just tell the committee what happened?

Mr. COHEN. I don't know what happened. If I hadn't done it how can I tell you what happened?

Mr. HALLEY. Did you ever beat Utley up?

Mr. COHEN. Never.

Mr. HALLEY. You mean that you deny having beaten up Utley?

Mr. COHEN. I deny it; yes, sir.

Mr. HALLEY. You deny having beaten him up in a restaurant with 100 people watching?

Mr. COHEN. I deny it; yes.

Mr. HALLEY. You did not pull out a gun and hit him with it?

Mr. COHEN. I deny it positively.

Mr. HALLEY. All right, we will just go ahead with the record here and go back to those things.

Mr. COHEN. That is O. K.; you go right ahead.

Mr. HALLEY. Your denial stands on the record. You were arrested on suspicion of murder when Harry Rothman was killed; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. That was in front of your own haberdashery?

Mr. COHEN. That is right. They were shooting at us but we got pinched for suspicion of murder.

Mr. HALLEY. At 8800 Sunset Boulevard; is that right?



Mr. COHEN. That is right. The fellow that got shot in the head, he was pinched for suspicion of murder too.

Mr. HALLEY. Then you were arrested in 1949 for conspiracy in connection with the assault on Pearson?

Mr. COHEN. That is right.

Mr. HALLEY. There were some guns in that assault, weren't there?

Mr. COHEN. Not that I know of. I wasn't there and know nothing about it.

Mr. HALLEY. You were arrested in connection with it; weren't you?

Mr. COHEN. That is right.

Mr. HALLEY. I will show you a picture of a gun and tell you that this comes from the files of the Los Angeles Police Department. That is a gun that was on the scene of that assault. Would you say that that is a picture of a gun?

Mr. COHEN. It is a gun, sure.

Mr. HALLEY. The people who were accused of that assault, they were your followers, weren't they? They were your friends; weren't they?

Mr. COHEN. They were friends of mine; yes.

Mr. HALLEY. Some of them worked for you?

Mr. COHEN. None of them worked for me.

Mr. HALLEY. You put up the bail for some of them; did you not?

Mr. COHEN. I helped some of them with the bail.

Mr. HALLEY. Who did you help?

Mr. COHEN. I don't know exactly. I helped some of them put up bail but they returned the money to me.

Mr. HALLEY. Who did you put the bail up for?

Mr. COHEN. Well, I don't exactly know who. I didn't put up the bail for nobody; I O. K.'d the bail.

Mr. HALLEY. You O. K.'d the bail?

Mr. COHEN. That is right.

Mr. HALLEY. Where did you get the bail to put up? Who actually put it up?

The CHAIRMAN. What do you mean by "O. K.'d the bail"?

Mr. COHEN. I stood good for it, Senator.

Mr. HALLEY. Who actually did put the bail up?

Mr. COHEN. For the collateral of the bail?

Mr. HALLEY. Who put it up?

Mr. COHEN. The bonding company.

Mr. HALLEY. You don't remember the names?

Mr. COHEN. The name of the bonding company?

Mr. HALLEY. The names of the people who were arrested.

Mr. COHEN. Oh, sure. Neddie Herbert, Meltzer, Ogul, and Jimmy Rist.

Mr. HALLEY. How about Louie Schwartz?

Mr. COHEN. Louie Schwartz.

Mr. HALLEY. And Eli Lubin?

Mr. COHEN. Yes.

Mr. HALLEY. And Dave Ogul?

Mr. COHEN. I said Ogul.

Mr. HALLEY. There were six of them, and you were finally charged with conspiracy; is that right?

Mr. COHEN. That is true; yes.

Mr. HALLEY. While they were awaiting trial, two of them disappeared; is that right?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Who were they?

Mr. COHEN. Dave Ogul and Frank Niccoli.

Mr. HALLEY. And do you know what happened to them?

Mr. COHEN. No, sir; I don't.

Mr. HALLEY. One of them skipped bail, didn't he?

Mr. COHEN. I don't know what happened to either one of them. I don't know what happened, so how can I tell if he skipped bail? I don't know what happened to them.

Mr. HALLEY. They just disappeared?

Mr. COHEN. That is right.

Mr. HALLEY. And you lost your bail; is that right?

Mr. COHEN. That is true.

Mr. HALLEY. You had put up \$25,000 for Ogul?

Mr. COHEN. Yes.

Mr. HALLEY. Was that your money or someone else's?

Mr. COHEN. The money isn't put up.

Mr. HALLEY. Who paid for the bonds?

Mr. COHEN. You mean who paid?

Mr. HALLEY. For the bail bonds.

Mr. COHEN. You mean for the loss of the bonds?

Mr. HALLEY. Yes.

Mr. COHEN. I paid for it.

Mr. HALLEY. You gave the money to the bondsman?

Mr. COHEN. Yes; I did. For the loss of the \$25,000, you mean?

Mr. HALLEY. Yes.

Mr. COHEN. Yes.

Mr. HALLEY. How about the bail on Niccoli?

Mr. COHEN. That is still on appeal.

Mr. HALLEY. That is still on appeal?

Mr. COHEN. Yes.

Mr. HALLEY. So far you are out only \$25,000?

Mr. COHEN. That is correct, yes.

Mr. HALLEY. Of the six, Ogul and Niccoli are just missing; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. Neddie Herbert has been killed?

Mr. COHEN. That is right.

Mr. HALLEY. Since then Jimmy Rist has been shot; he was shot with Herbert; is that right?

Mr. COHEN. No, he wasn't.

Mr. HALLEY. He was shot when Rothman was shot?

Mr. COHEN. He was shot when Rothman was shot; that is right.

Mr. HALLEY. Do you remember what happened at that trial?

Mr. COHEN. At what trial?

Mr. HALLEY. At the trial for conspiracy in 1949.

Mr. COHEN. Do I remember what happened?

Mr. HALLEY. Yes. You went to trial, did you not?

Mr. COHEN. Yes.

Mr. HALLEY. You were acquitted?

Mr. COHEN. That is right.

Mr. HALLEY. I will show you a picture and ask you if you recognize the people in the picture.

Mr. COHEN. Yes, sir.

Mr. HALLEY. Would you identify them, going from left to right?

Mr. COHEN. This is Swan.

Mr. HALLEY. Who is Swan?

Mr. COHEN. That officer that was involved with the thing.

Mr. HALLEY. You mean the officer who made the arrest?

Mr. COHEN. I don't know who made the arrest. I don't know who done the arresting.

Mr. HALLEY. Swan is a lieutenant, is he not?

Mr. COHEN. I think he is; yes.

Mr. HALLEY. Who is next in the picture?

Mr. COHEN. This is the attorney.

Mr. HALLEY. Who was the attorney?

Mr. COHEN. One of the attorneys, Parsons.

Mr. HALLEY. What is Parsons' full name?

Mr. COHEN. I don't know his full name. I just know him as Mr. Parsons.

Mr. HALLEY. Was it Russell Parsons?

Mr. COHEN. I think so.

Mr. HALLEY. Was he one of the candidates in the recent recall?

Mr. COHEN. Yes.

Mr. HALLEY. And then you are in the middle of the picture?

Mr. COHEN. That is right.

Mr. HALLEY. Who are the other people on the other side?

Mr. COHEN. This is Jimmy Rist; this is one of the officers whose name I can't recall.

Mr. HALLEY. Another one of the police officers?

Mr. COHEN. Yes; and the other fellow is Eli Lubin.

Mr. HALLEY. I will offer this picture into evidence.

The CHAIRMAN. It will be received as exhibit No. 8.

(Whereupon the document referred to was marked "Exhibit No. 8," and is on file with the committee.)

Mr. HALLEY. I also offer in evidence a set of five pictures, which I will state for the record are pictures which were taken at the time of the arrests, as one exhibit to be called exhibit No. 9.

The CHAIRMAN. Very well.

(Whereupon the documents referred to were marked "Exhibit No. 9," and is on file with the committee.)

Mr. HALLEY. Mr. Cohen, is it not a fact that after the beating of Pearson, your men were apprehended, but were not booked at the station?

Mr. COHEN. I don't know what you mean by "my men." My men or those men were never under any obligation to work for me.

Mr. HALLEY. Didn't they work for you?

Mr. COHEN. They were not what I would call "my men." That is the phrase that the newspaper gave them. I have a lot of people with me, but they are not "my men."

Mr. HALLEY. Of course, Herbert was with you when he was killed, wasn't he?

Mr. COHEN. Herbert was my very good friend.

Mr. HALLEY. Let's go down the list of the rest of them. Jimmy Rist was shot in your haberdashery?

Mr. COHEN. Yes.

Mr. HALLEY. Was he your very good friend?

Mr. COHEN. That is right.

Mr. HALLEY. Meltzer, was he your good friend?

Mr. COHEN. At that time; yes.

Mr. HALLEY. And Louie Schwartz?

Mr. COHEN. That is right.

Mr. HALLEY. And Eli Lubin?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Were Ogul and Niccoli also your very good friends?

Mr. COHEN. Very good friends; yes.

Mr. HALLEY. Why did they beat up this fellow Pearson?

Mr. COHEN. Why?

Mr. HALLEY. Yes.

Mr. COHEN. I couldn't answer you that; I don't know.

Mr. HALLEY. They did, though, didn't they?

Mr. COHEN. I don't know. I guess they didn't, they were all acquitted.

Mr. HALLEY. There are the pictures of the men on the scene being arrested.

Mr. COHEN. I imagine the court ruling goes above the pictures, and they were all acquitted.

Mr. HALLEY. I am asking you for the fact.

Mr. COHEN. I don't know. I wasn't there and I don't know.

Mr. HALLEY. You don't know?

Mr. COHEN. No.

Mr. HALLEY. Is it not a fact that those men were taken to a station house and then not booked?

Mr. COHEN. I don't know. I understand that is the fact, but I don't know.

Mr. HALLEY. You have heard that that is the fact?

Mr. COHEN. Yes.

Mr. HALLEY. Didn't you also hear that an amateur photographer just happened to be on the scene and made those pictures?

Mr. COHEN. That is right.

Mr. HALLEY. When the pictures were produced, it was necessary to arrest the men?

Mr. COHEN. These are all things I heard of; that is right.

Mr. HALLEY. These are all things that you have heard?

Mr. COHEN. That is right.

Mr. HALLEY. You were arrested with the men on a general conspiracy?

Mr. COHEN. That is right.

Mr. HALLEY. Is that right?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What relationship have you had with the Sicas? Are they good friends of yours?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Have you had any business relationship with Joe Sica?

Mr. COHEN. Not in the last 6 years, I would say.

Mr. HALLEY. Prior to that what was your business relationship with Joe Sica?

Mr. COHEN. We were just kids hustling around, that is all.



Mr. HALLEY. What do you mean by "hustling around"?

Mr. COHEN. Gambling and trying to do the best we could.

Mr. HALLEY. You mean you were operating bookmaking establishments?

Mr. COHEN. You couldn't even say operating at the time. It was really nothing to call operating.

Mr. HALLEY. You were in the bookmaking business?

Mr. COHEN. Yes, we booked; we booked and gambled; yes.

Mr. HALLEY. What else did you do?

Mr. COHEN. What else? Nothing else.

Mr. HALLEY. That is what you did with Sica?

Mr. COHEN. Yes; we were very good friends.

Mr. HALLEY. You know that Sica was indicted for a violation of the Federal Narcotics Act in 1949?

Mr. COHEN. That is right; I read about it.

Mr. HALLEY. Did you know a man named Abe Davidian, who was the chief witness against him?

Mr. COHEN. No; I didn't know him at all.

Mr. HALLEY. You never met Abe Davidian?

Mr. COHEN. Never seen him or knew him whatsoever.

Mr. HALLEY. You have heard that Abe Davidian was killed?

Mr. COHEN. It was in the papers; all over the papers.

Mr. HALLEY. All over the papers?

Mr. COHEN. Yes.

Mr. HALLEY. After the murder of Davidian, the charges against Sica had to be dropped; is that right?

Mr. COHEN. I don't know if that is the fact or not. I don't think the charges were dropped from what the papers say. I don't think the charges are dropped.

Mr. HALLEY. You don't think they are dropped?

Mr. COHEN. The papers say they are still under indictment.

Mr. HALLEY. But he has never been brought to trial; is that right?

Mr. COHEN. Not that I know of.

Mr. HALLEY. Mr. Chairman, may we offer into evidence the Federal Bureau of Investigation records of arrests and convictions on James Rist? He was a friend of yours and still is?

Mr. COHEN. Oh, yes; sure.

Mr. STRONG. I assume, Mr. Chairman, that there is no examination of exhibits allowed?

The CHAIRMAN. We will let you see it. It will be received as exhibit No. 10 and made a part of the testimony.

(Whereupon, document referred to was marked "Exhibit No. 10," and is on file with the committee.)

Mr. STRONG. There is no basis for objecting to anything, I suppose. I understand this is a fact-gathering body and you are gathering all the facts.

The CHAIRMAN. You make any objections you wish, if you think the committee is violating any rights of your client.

Mr. STRONG. My position is that as a fact-gathering body you gather all the facts, and I see no basis for any objections at this time.

Mr. HALLEY. That is right. I will offer into evidence the FBI record on Joseph Sica.

The CHAIRMAN. This will be marked "Exhibit No. 11."

(Whereupon the document referred to was marked "Exhibit No. 11," and is on file with the committee.)

Mr. HALLEY. The record of David Ogul, I will offer that into evidence.

The CHAIRMAN. It will be marked "Exhibit No. 12."

(Whereupon the document referred to was marked "Exhibit No. 12," and is on file with the committee.)

Mr. HALLEY. I will next offer the record of Eli Lubin, alias Jerry Martin. I will offer that into evidence.

The CHAIRMAN. It will be made a part of the record as exhibit No. 13.

(Whereupon the document referred to was marked "Exhibit No. 13," and is on file with the committee.)

Mr. HALLEY. And the FBI record on Michael Cohen, alias Mickey Cohen. I will offer that into evidence.

The CHAIRMAN. It will be made a part of the record as exhibit No. 14.

(Whereupon the document referred to was marked "Exhibit No. 14," and is on file with the committee.)

Mr. HALLEY. Now, Mr. Cohen, do you know a man named Eddie Borden?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Is he a bookmaker?

Mr. COHEN. I wouldn't call him a bookmaker; no.

Mr. HALLEY. What would you call him?

Mr. COHEN. He is the English editor for the Ring magazine. He was my manager when I was 16 years of age, my fight manager when I boxed in New York.

Mr. HALLEY. He lives in Los Angeles now?

Mr. COHEN. I think he went back to New York.

Mr. HALLEY. He went back to New York?

Mr. COHEN. That is what I think he did.

Mr. HALLEY. When did he go back to New York?

Mr. COHEN. A week or so ago.

Mr. HALLEY. He was in Los Angeles, was he not, until, at least, November 7 or 8?

Mr. COHEN. I think so; yes.

Mr. HALLEY. Before he went back to New York was he in the book-making business in Los Angeles?

Mr. COHEN. I couldn't say he was in the bookmaking business. He is a bettor. He is a fellow that likes to bet on everything.

Mr. HALLEY. He had certain people that would come to him and bet with him?

Mr. COHEN. I wouldn't say that; they probably exchanged prices. You could never say he was a bookmaker.

Mr. HALLEY. But he booked bets, didn't he?

Mr. COHEN. Not that I know of. I don't think he could be called a bookmaker.

Mr. HALLEY. If people came to him and made bets with him, he would be a bookmaker? They did do that, didn't they?

Mr. COHEN. Not that I know of.

Mr. HALLEY. Do you know a fellow by the name of Louie Berman?

Mr. COHEN. Not offhand, not by name.

Mr. HALLEY. You do not?

Mr. COHEN. No.

Mr. HALLEY. You never heard of him?

Mr. COHEN. I don't think so.

Mr. HALLEY. Did you ever hear of anybody named Sammy Lewis?

Mr. COHEN. Yes.

Mr. HALLEY. Do you know if he ever made bets with Eddie Borden?

Mr. COHEN. Not that I know of.

Mr. HALLEY. Didn't he ever bet \$500 with Eddie Borden?

Mr. COHEN. I wouldn't know.

Mr. HALLEY. Do you know a man by the name of Jules Stein?

Mr. COHEN. No, sir.

Mr. HALLEY. You never heard of him either?

Mr. COHEN. No, sir.

Mr. HALLEY. Just what do you mean when you say that Borden was making bets here in Los Angeles?

Mr. COHEN. He would bet on everything; he was a fellow that bet on everything.

Mr. HALLEY. He bet with people?

Mr. COHEN. Yes.

Mr. HALLEY. Did he have a place from which he operated?

Mr. COHEN. You couldn't say that he operated. He would be at every fight. He would be at every sporting event.

Mr. HALLEY. And he would make bets?

Mr. COHEN. You know, they would exchange bets. I don't even know how they do it. The prices and things, I don't bet that way myself.

Mr. HALLEY. Would you call him a commission agent?

Mr. COHEN. I couldn't call him as being anything in the gambling business at all.

Mr. HALLEY. You don't think so?

Mr. COHEN. I don't think so; no.

Mr. HALLEY. But he did make bets from time to time?

Mr. COHEN. Yes, he bet on all the football games, baseball games, and everything.

Mr. HALLEY. Do you know a man by the name of Eli Lubin?

Mr. COHEN. Yes.

Mr. HALLEY. He was one of the men who was on trial with you, wasn't he?

Mr. COHEN. That is right.

Mr. HALLEY. Do you know a man named Hymie Miller?

Mr. COHEN. Yes.

Mr. HALLEY. Hymie Miller is a bookie; isn't he?

Mr. COHEN. I don't know what he is; I don't know his business.

Mr. HALLEY. He is under indictment for it?

Mr. COHEN. Everybody says he is a bookmaker, but I wouldn't know if he was or not.

Mr. HALLEY. But you have heard it?

Mr. COHEN. I have heard it; yes.

Mr. HALLEY. Did you have any dealings with Lubin and Miller over the week end of November 4?

Mr. COHEN. Any dealings?

Mr. HALLEY. Yes.

Mr. COHEN. What do you mean by "dealings"?

Mr. HALLEY. Did you talk to them?

Mr. COHEN. Yes.

Mr. HALLEY. On the telephone?

Mr. COHEN. Yes.

Mr. HALLEY. What about?

Mr. COHEN. About this fellow that you asked about, Eddie Borden.

Mr. HALLEY. You talked about Eddie Borden?

Mr. COHEN. That is right.

Mr. HALLEY. Tell the committee about that.

Mr. COHEN. I thought the fellow—the fellow showed up missing.

Mr. HALLEY. Who showed up missing?

Mr. COHEN. He was missing.

Mr. HALLEY. Eddie Borden was missing?

Mr. COHEN. That is right. Before he was missing he talked about committing suicide.

Mr. HALLEY. Because he was over his head on some debts he had accepted; is that right?

Mr. COHEN. I don't think that was the reason. I don't know of it.

Mr. HALLEY. Wasn't he in the hole for \$4,000 that he couldn't make good?

Mr. COHEN. I couldn't answer that truthfully; I don't know.

Mr. HALLEY. And that you would have had to make good on his debts?

Mr. COHEN. I would have had to make good?

Mr. HALLEY. Surely.

Mr. COHEN. Why would I?

Mr. HALLEY. You were responsible for him, were you not?

Mr. COHEN. That is absolutely ridiculous.

Mr. HALLEY. Go ahead with the telephone conversation that you had.

Mr. COHEN. I thought the fellow was going to kill himself and we were pretty worried about it. I not only called Las Vegas, but I called New York City, the editor of the Ring magazine, who was a very close friend and who he works for, and Ray Arcel, who works with the heavyweight champ of the world; I called them looking for him. We didn't know what happened to him. He was talking about committing suicide and we tried to run it down. That is what I would do for anybody. He is a fellow that managed me when I was 16 years of age and we were very, very close friends.

Mr. HALLEY. What happened next?

Mr. COHEN. The police department thought there was something wrong.

Mr. HALLEY. You are moving too fast, Mr. Cohen. You called Lubin in Las Vegas; is that right?

Mr. COHEN. I called him when I heard he was in Las Vegas.

Mr. HALLEY. How did you hear Lubin was in Las Vegas?

Mr. COHEN. I knew Lubin was there but when I heard Borden was there I called.

Mr. HALLEY. You keep in close touch with Lubin's movements, do you?

Mr. COHEN. No.

Mr. HALLEY. You knew he was in Las Vegas; you knew his whereabouts?



Mr. COHEN. Yes.

Mr. HALLEY. You knew Miller was in Las Vegas?

Mr. COHEN. I didn't know Miller was there.

Mr. HALLEY. How did you find out that Miller was there?

Mr. COHEN. When I got the call back that Eddie Borden was with Miller or at the same hotel Miller was at or something like that——

Mr. HALLEY. What hotel were they at?

Mr. COHEN. The Flamingo.

Mr. HALLEY. You called Lubin and Miller and what did you ask them to do?

Mr. COHEN. If they could find Eddie.

Mr. HALLEY. Did they find Eddie?

Mr. COHEN. Yes; they did.

Mr. HALLEY. Where did they find him?

Mr. COHEN. I don't know; they found him in Las Vegas.

Mr. HALLEY. They looked all over Las Vegas until they found him; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. They found him about 1 or 2 o'clock in the morning, a Saturday morning; isn't that right?

Mr. COHEN. I think so.

Mr. HALLEY. On November the 4th?

Mr. COHEN. I think so; yes.

Mr. HALLEY. Of this year?

Mr. COHEN. That is right.

Mr. HALLEY. Just a week or two ago?

Mr. COHEN. That is true.

Mr. HALLEY. Did you do anything then after they found him?

Mr. COHEN. After they found him I said, "Look out that the guy don't kill himself."

Mr. HALLEY. You were really worried about him, were you?

Mr. COHEN. Sure, I worried about him. The man was like my brother.

Mr. HALLEY. What did you do to take care of him?

Mr. COHEN. What did I do to take care of him?

Mr. HALLEY. What did you tell them to do to make sure Eddie didn't kill himself?

Mr. COHEN. To watch out for him.

Mr. HALLEY. Did they do anything with him?

Mr. COHEN. I don't know what they did with him.

Mr. HALLEY. Did they go anywhere?

Mr. COHEN. Did they go anywhere?

Mr. HALLEY. Yes.

Mr. COHEN. I don't know; I wasn't there.

Mr. HALLEY. Did they come to Los Angeles?

Mr. COHEN. Yes.

Mr. HALLEY. How did they come?

Mr. COHEN. I imagine on a plane.

Mr. HALLEY. Well, you know how they came?

Mr. COHEN. On a plane; yes.

Mr. HALLEY. You know that; you don't have to imagine it; isn't that right?

Mr. COHEN. They came on a plane; that is right.

Mr. HALLEY. Who told them to come on a plane?

Mr. COHEN. Nobody told them. They just came on a plane. Nobody told them to come on a plane.

Mr. HALLEY. Didn't you tell them to come on a plane?

Mr. COHEN. I asked Eddie to come on back.

Mr. HALLEY. You asked Eddie to come on back?

Mr. COHEN. I said to him, I said, "What is the matter with you? What is wrong?"

Mr. HALLEY. Did you say, "Come on back on a plane"?

Mr. COHEN. No.

Mr. HALLEY. Did you talk to Miller and Lubin about their coming back with him?

Mr. COHEN. No.

Mr. HALLEY. You did not?

Mr. COHEN. I talked to Lubin about watching out for the fellow. I said, "Make sure the fellow doesn't do anything to himself."

Mr. HALLEY. And Lubin came back to Los Angeles with him; is that right?

Mr. COHEN. Yes; I think so.

Mr. HALLEY. How did they come back?

Mr. COHEN. On a plane.

Mr. HALLEY. On a regular airplane?

Mr. COHEN. I don't know.

Mr. HALLEY. They chartered one, didn't they?

Mr. COHEN. I don't know if it was chartered or not.

Mr. HALLEY. You told them to charter a plane, didn't you?

Mr. COHEN. I told them nothing. I told them to look out for Eddie Borden.

Mr. HALLEY. You were on the telephone talking to Las Vegas, weren't you?

Mr. COHEN. That is right.

Mr. HALLEY. You told Lubin to bring him back in a chartered plane, didn't you?

Mr. COHEN. I told Lubin to look out for him and see that he was safe.

Mr. HALLEY. To see that he was safe?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You suggested that he bring him to Los Angeles, didn't you?

Mr. COHEN. I said that I wished he would come back here.

Mr. HALLEY. Your wish brought him back; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. Did you talk to Borden?

Mr. COHEN. Yes.

Mr. HALLEY. What did Borden say?

Mr. COHEN. I said, "What happened to you?" Naturally, nobody knew what it was, and not only me but everybody else was worried about him. He has a lot of other friends here. The fellow was the type of fellow that always spoke of committing suicide and, naturally, we were quite worried about him.

Mr. HALLEY. Was there no other reason that you wanted him back in Los Angeles?

Mr. COHEN. Not that I know of.

Mr. HALLEY. Did you state any other reason on the telephone?

Mr. COHEN. No, sir.

Mr. HALLEY. Maybe you were kidding Lubin and Miller and you were telling them some other reason just to fool them?

Mr. COHEN. No. I told them, I said, "I don't know what happened to the guy. I don't know if he blew his top or something like that." I may have said that.

Mr. HALLEY. Didn't you say you had to get Borden back to Los Angeles?

Mr. COHEN. That I had to?

Mr. HALLEY. Yes.

Mr. COHEN. Well, yes; I said that the coppers here were worried about him; that is right.

Mr. HALLEY. You said to get him back here right away, did you not?

Mr. COHEN. No; I said to Eddie, "I wish you would come back here because you are going to cause a lot of people to get pinched."

Mr. HALLEY. So finally he agreed to come back?

Mr. COHEN. Yes.

Mr. HALLEY. And they were going to take the regular airplane back; isn't that right?

Mr. COHEN. I don't know what they took.

Mr. HALLEY. They chartered a plane. You told them they better charter a plane, did you not?

Mr. COHEN. I told them if they can't get a regular airplane to get on another one. I said, "If you can't get on a regular airplane, get back anyway."

Mr. HALLEY. I thought you said a little while ago that you didn't know whether they took a plane or not.

Mr. COHEN. I didn't say that at all. I said that I imagine they took a plane.

Mr. HALLEY. You know they took a plane, don't you?

Mr. COHEN. Yes.

Mr. HALLEY. You told them if they could not get on the regular plane to charter one?

Mr. COHEN. I did not tell them to charter one. I said, "Get back here as fast as you can."

Mr. HALLEY. Didn't they say they could get on a regular plane and didn't you say, "No: charter one and come on back"?

Mr. COHEN. No.

Mr. HALLEY. Didn't they actually charter a plane from the Western Air Lines?

Mr. COHEN. I don't know.

Mr. HALLEY. You know they did, don't you?

Mr. COHEN. You are putting words in my mouth now. I don't know what they did in Vegas.

Mr. HALLEY. Didn't you tell them to do it?

Mr. COHEN. I didn't tell them to do nothing but to watch out for Eddie.

Mr. HALLEY. And to bring him back?

Mr. COHEN. I didn't tell them to bring him back.

Mr. HALLEY. You said that the police were worried about Eddie?

Mr. COHEN. Yes. I said, "You are going to get your friends pinched. Everybody is worrying about you. They think that what is happening to you is what happened to other people."

Mr. HALLEY. At that point Miller and Lubin were standing next to Eddie?

Mr. COHEN. I don't think Miller was around there.

Mr. HALLEY. Just Lubin?

Mr. COHEN. Yes.

Mr. HALLEY. Lubin went out and found Eddie, got him to the phone, and you insisted that Lubin bring him back?

Mr. COHEN. I did not insist that Lubin bring him back.

Mr. HALLEY. You insisted to Eddie that he come back, or did you just urge him to come back?

Mr. COHEN. I just urged him.

Mr. HALLEY. Did you urge him strongly?

Mr. COHEN. Weakly.

Mr. HALLEY. Weakly?

Mr. COHEN. Yes.

Mr. HALLEY. Did you persuade him?

Mr. COHEN. I asked him to come back.

Mr. HALLEY. You didn't have one of these arguments that you have told us about?

Mr. COHEN. No; I never argue with Eddie.

Mr. HALLEY. Did he protest or was he happy to come back?

Mr. COHEN. He was happy to come back.

Mr. HALLEY. This was about 1 or 2 o'clock in the morning, wasn't it?

Mr. COHEN. I think so.

Mr. HALLEY. They did charter a plane; you know that; isn't that right?

Mr. COHEN. I don't know that.

Mr. HALLEY. You just said that you told them if they couldn't get here on a regular plane that they better get here the best way they could.

Mr. COHEN. I don't know that they chartered a plane.

Mr. HALLEY. You suggested that they charter a plane?

Mr. COHEN. I said, "Get back here the best way you can."

Mr. HALLEY. Didn't you mention, "You better charter a plane"?

Mr. COHEN. I didn't mention anything about chartering a plane.

Mr. HALLEY. There was no discussion of chartering a plane?

Mr. COHEN. None that I can recall.

Mr. HALLEY. This was only about 10 days ago.

Mr. COHEN. I don't recall it.

Mr. HALLEY. Is it possible?

Mr. COHEN. Anything is possible; sure.

Mr. HALLEY. Is it within the realm of reasonable probability that in the conversation that you said, "If you can't get back on the regular airline, charter a plane. You have to get back"?

Mr. COHEN. I don't think I said that.

Mr. HALLEY. Or anything like that?

Mr. COHEN. No, sir.

Mr. HALLEY. Anything at all about chartering a plane?

Mr. COHEN. I don't think it was brought up; to the best of my knowledge, I don't remember.

Mr. HALLEY. They were actually in Los Angeles at 9 o'clock the next morning, weren't they?

Mr. COHEN. I think they were.



Mr. HALLEY. They came right back as fast as they could?

Mr. COHEN. I don't know; I didn't see them at that time.

Mr. HALLEY. Lubin stayed with him; is that correct?

Mr. COHEN. Lubin stayed with him?

Mr. HALLEY. Yes.

Mr. COHEN. Not that I know of.

Mr. HALLEY. He didn't stay with Borden?

Mr. COHEN. Not that I know of.

Mr. HALLEY. He brought him back to Los Angeles, didn't he?

Mr. COHEN. I think he took the ride back with him.

Mr. HALLEY. Did he tell you what he rode back on?

Mr. COHEN. On a plane.

Mr. HALLEY. On a chartered plane?

Mr. COHEN. He didn't mention no chartered plane.

Mr. HALLEY. Didn't he mention that to you?

Mr. COHEN. No.

Mr. HALLEY. Just a plane; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. Do you know where they went?

Mr. COHEN. No.

Mr. HALLEY. Did you ever hear of the Mayan Hotel?

Mr. COHEN. Yes.

Mr. HALLEY. Room 235?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Who lives there?

Mr. COHEN. Babe McCoy.

Mr. HALLEY. He is a matchmaker; is that right?

Mr. COHEN. That is right.

Mr. HALLEY. Were you there on the morning of Saturday, November 4, 1950?

Mr. COHEN. On the morning?

Mr. HALLEY. Yes.

Mr. COHEN. I don't think in the morning; no. I think it was in the afternoon.

Mr. HALLEY. Were you there in the afternoon?

Mr. COHEN. Yes.

Mr. HALLEY. What time?

Mr. COHEN. I think around 1 o'clock or so; 12:30 or 1 o'clock, or somewhere in between there.

Mr. HALLEY. Who was there when you were there?

Mr. COHEN. Who was there?

Mr. HALLEY. Yes.

Mr. COHEN. Eddie Borden.

Mr. HALLEY. Who else?

Mr. COHEN. Babe McCoy.

Mr. HALLEY. Anyone else?

Mr. COHEN. Not that I recall.

Mr. HALLEY. Did you go for an auto ride with Borden that day?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Where did you ride?

Mr. COHEN. We went to the tailoring shop.

Mr. HALLEY. Your tailoring shop?

Mr. COHEN. Yes.

Mr. HALLEY. Did you go anywhere else?

Mr. COHEN. To the bank.

Mr. HALLEY. What bank?

Mr. COHEN. One of the banks on Hollywood; I don't know which one it was exactly.

Mr. HALLEY. What happened at the bank?

Mr. COHEN. I don't know.

Mr. HALLEY. Did Borden go into the bank?

Mr. COHEN. Yes.

Mr. HALLEY. Did you go into the bank?

Mr. COHEN. No, sir.

Mr. HALLEY. Did he come out of the bank and come into your car?

Mr. COHEN. That is right.

Mr. HALLEY. Did he hand you anything when he got into the car?

Mr. COHEN. No, sir.

Mr. HALLEY. Did he give you any money that day?

Mr. COHEN. No; I don't think there was any transaction of money that day.

Mr. HALLEY. Didn't he give you \$500?

Mr. COHEN. I don't think he gave it to me that day; no. He didn't give me \$500.

Mr. HALLEY. Didn't he give you \$500 in cash?

Mr. COHEN. No; he gave me \$400.

Mr. HALLEY. In cash?

Mr. COHEN. Yes.

Mr. HALLEY. That day?

Mr. COHEN. Yes.

Mr. HALLEY. Saturday morning?

Mr. COHEN. No; it wasn't Saturday morning. I don't think he gave it to me Saturday.

Mr. HALLEY. That is the day he came in.

Mr. COHEN. But I don't think he gave it to me that day.

Mr. HALLEY. He went to the bank that day, didn't he?

Mr. COHEN. Yes.

Mr. HALLEY. You were with him when he went to the bank?

Mr. COHEN. Yes.

Mr. HALLEY. When do the banks close in Los Angeles on Saturday?

Mr. COHEN. I think 12 o'clock.

Mr. HALLEY. So you must have gotten to the Mayan Hotel in the morning rather than in the afternoon?

Mr. COHEN. It was about noontime.

Mr. HALLEY. You had to be at the bank by noon.

Mr. COHEN. That is right. I don't know if it was Saturday or not.

Mr. HALLEY. It was Saturday, November the 4th.

Mr. COHEN. It was?

Mr. HALLEY. Yes.

Mr. COHEN. Then I don't know. I never went into the bank with him at all.

Mr. HALLEY. You drove him to the bank and you sat in the car? You had Farkas with you?

Mr. COHEN. Yes; it was his car.

Mr. HALLEY. It was his car?

Mr. COHEN. Yes.

Mr. HALLEY. Did he go into the bank with him?

Mr. COHEN. I don't know that.

Mr. HALLEY. But you sat out in the car?

Mr. COHEN. I took a shine. I took a shine over there on the street.

Mr. HALLEY. And then Borden came out and was it there that he gave you the \$400.

Mr. COHEN. No.

Mr. HALLEY. Where did he give you the \$400?

Mr. COHEN. We went from there to the tailoring shop and, let's see, then he asked Sam to drive him home. He wanted to get cleaned up, and he went on home, and I think it was later on that night that he gave me \$400. I think I went over to see him later on that evening.

Mr. HALLEY. You did get to the Mayan Hotel then that morning?

Mr. COHEN. Around noon.

Mr. HALLEY. You got there and you had some talk with him?

Mr. COHEN. There was hardly no talk.

Mr. HALLEY. You were worried about his health, weren't you?

Mr. COHEN. Yes.

Mr. HALLEY. You didn't just take him and rush him off to the bank then?

Mr. COHEN. He asked to go to the bank, on the way over to the tailoring shop. We went up Eighth Street.

Mr. HALLEY. What happened at the Mayan Hotel at room 235 on Saturday morning?

Mr. COHEN. What happened?

Mr. HALLEY. Yes.

Mr. COHEN. Nothing happened.

Mr. HALLEY. Did you have any conversation at all?

Mr. COHEN. I asked him what happened to him.

Mr. HALLEY. What did he say?

Mr. COHEN. He had a cut on his wrist with some bandage over it and a cut over here, and he said he was tired of living or something.

Mr. HALLEY. What other conversation was there? You said, the way I understand it, "What happened to you," and he said, "I am tired of living." Then what happened?

Mr. COHEN. That is all, and the generality of that conversation; that he was disgusted or this and that, and he didn't know—he was blowed up.

Mr. HALLEY. What do you mean he was "blowed up"?

Mr. COHEN. He was disgusted.

Mr. HALLEY. He owed some money around that time, did he not?

Mr. COHEN. How would I know?

Mr. HALLEY. Didn't he tell you that?

Mr. COHEN. No, sir.

Mr. HALLEY. What did he go to the bank for?

Mr. COHEN. He needed some money. He went broke in Las Vegas.

Mr. HALLEY. And he needed some money?

Mr. COHEN. Yes.

Mr. HALLEY. He took \$500 out of the bank; isn't that the fact?

Mr. COHEN. I don't know what he took out of the bank.

Mr. HALLEY. Then he gave you \$400 of it?

Mr. COHEN. I asked him for it.

Mr. HALLEY. What did you ask him for that for?

Mr. COHEN. I needed it at that time.

Mr. HALLEY. You needed it?

Mr. COHEN. I gave it back to him.

Mr. HALLEY. He was your good friend and he was broke——

Mr. COHEN. He didn't need the money then and there. I needed the money and then gave it back to him. We have taken money that way 40 or 50 times.

Mr. HALLEY. Did you go to the bank because he needed the money or because you needed the money?

Mr. COHEN. He went on his own. He was going back to Vegas, and from there he was going back to New York and get back on the magazine.

Mr. HALLEY. When did you think of the fact that you needed money?

Mr. COHEN. That afternoon.

Mr. HALLEY. You didn't ask him for money in the morning meeting at the Mayan Hotel, did you?

Mr. COHEN. No, sir.

Mr. HALLEY. Isn't it a fact that at the Mayan Hotel you told him he would have to make good the bets?

Mr. COHEN. That is absolutely untrue.

Mr. HALLEY. Isn't it a fact that he went right that minute with you to the bank and withdrew \$500?

Mr. COHEN. That is not a fact. All you are doing is what the Los Angeles Police Department thinks. That is all you are doing, is asking me what the Los Angeles Police Department thinks.

Mr. HALLEY. That is not a fact?

Mr. COHEN. There is no semblance to it whatsoever.

Mr. HALLEY. It is a fact that you telephoned Las Vegas Friday morning or Saturday morning at about 1 o'clock, isn't it?

Mr. COHEN. Yes.

Mr. HALLEY. And in the early hours of the morning your friend Eli Lubin went out and found this man; that is a fact, is it not?

Mr. COHEN. Yes. I would do that to any one of my friends that was missing.

Mr. HALLEY. Did he ask for help? He was in Las Vegas, wasn't he?

Mr. COHEN. Do your friends have to ask for help? When a man is missing and you think some harm may come to him or he would do some harm to himself——

Mr. HALLEY. Did you think some harm came to him?

Mr. COHEN. I thought he was going to kill himself. I will bring you 20 people that will tell you the same thing.

Mr. HALLEY. Did you think Eli Lubin would do him some harm?

Mr. COHEN. He never even knew him.

Mr. HALLEY. How did he find him?

Mr. COHEN. From what I told him.

Mr. HALLEY. Why did you think he would kill himself? What was he worried about?

Mr. COHEN. He said it 50 different times.

Mr. HALLEY. What was he worried about?

Mr. COHEN. I don't know. Somebody talked to him about different things, if somebody would talk to him about different things, he would get excited and say, "What kind of a world is this to live in?"



Mr. HALLEY. How did this all start? What resulted in your finally getting excited at 1 a. m. on the morning of Saturday, November the 4th, and deciding you had to do something about your friend, Eddie Borden?

Mr. COHEN. I didn't decide at that time. I decided when he first came up missing.

Mr. HALLEY. When did he first come up missing?

Mr. COHEN. About 3 or 4 days before that.

Mr. HALLEY. What had you done for 3 or 4 days before that?

Mr. COHEN. Looked all over for him. Got pinched on Hollywood Boulevard looking for him.

Mr. HALLEY. Why was it necessary to bring him back from Las Vegas?

Mr. COHEN. Why? Because the coppers thought he was killed.

Mr. HALLEY. You could have told the coppers he wasn't killed.

Mr. COHEN. They sure believe me. Go tell them something.

Senator TOBEY. You looked hard to find him. You were anxious to get ahold of him?

Mr. COHEN. Like I would be for any one of my friends.

Senator TOBEY. Have you looked just as hard to get ahold of Ogul and Niccoli?

Mr. COHEN. Harder.

Senator TOBEY. We will come to that later.

Mr. HALLEY. Did he complain to you about being broke?

Mr. COHEN. He said that he went broke in Vegas.

Mr. HALLEY. Had he been broke before he went to Vegas?

Mr. COHEN. Nobody could tell about the fellow. Everybody thought he was a very wealthy fellow. In fact, I never knew myself.

Mr. HALLEY. Did you take any more money from him?

Mr. COHEN. No, sir; oh, yes. He got \$1,000 from Nat Fleisher that he loaned me.

Mr. HALLEY. He gave you a thousand-dollar check from Fleisher; isn't that correct?

Mr. COHEN. Yes; after I paid him the \$400; but he got \$1,000 from Nat Fleisher for me.

Mr. HALLEY. Nat Fleisher was in New York and he got ahold of Fleisher and had him send you a thousand dollars?

Mr. COHEN. No; he sent it to him and he gave it to me.

Mr. HALLEY. He endorsed the check over to you?

Mr. COHEN. Yes.

Mr. HALLEY. And Fleisher is the man that owns Ring magazine?

Mr. COHEN. That is true.

Mr. HALLEY. Did he get you any other money?

Mr. COHEN. I don't think so.

Mr. HALLEY. Wasn't there another thousand dollars?

Mr. COHEN. Can you recall it to me?

Mr. HALLEY. From Al Weill?

Mr. COHEN. Yes; but that there he used himself. I got the check cashed for him. He closed his account in the bank and I got the check cashed for him.

Mr. HALLEY. He got ahold of Gus Wilson and had Gus Wilson get \$1,000 for you from Al Weill; isn't that right?

Mr. COHEN. He didn't give it to me. I got the check and cashed it for him.

Mr. HALLEY. You got the cash?

Mr. COHEN. I got the check cashed for him from Gus Wilson because he didn't have no bank account, but he kept the money himself.

Mr. HALLEY. He endorsed the check over to you.

Mr. COHEN. To get it cashed.

Mr. HALLEY. It is your story that you got \$400 from him on a Saturday afternoon?

Mr. COHEN. Saturday evening.

Mr. HALLEY. At your haberdashery?

Mr. COHEN. At his place.

Mr. HALLEY. When did you give that back to him?

Mr. COHEN. I think I gave it back to him the next day or so.

Mr. HALLEY. On Sunday?

Mr. COHEN. I think it was Monday that I gave it back to him.

Mr. HALLEY. On Thursday you got another thousand from him; is that right?

Mr. COHEN. Yes. I told him I needed some money. When I gave him the \$400 back I told him I needed some money and he told me——

Mr. HALLEY. Did you really need money?

Mr. COHEN. Sure.

Mr. HALLEY. What is the status of your bank account today?

Mr. COHEN. Nothing.

Mr. HALLEY. Nothing in your bank account?

Mr. COHEN. That is right.

Mr. HALLEY. Do you have any cash?

Mr. COHEN. Do I have any cash?

Mr. HALLEY. Yes; cash on hand.

Mr. COHEN. A few hundred dollars.

Mr. HALLEY. Other than that you are broke?

Mr. COHEN. Yes.

Mr. HALLEY. Have you fired your servants?

Mr. COHEN. No, sir. What do you mean "servants"? I have one girl in the house; no servants.

Mr. HALLEY. Let's get the real story on this. Were you just doing Borden a favor to bring him back from Las Vegas?

Mr. COHEN. I never brought Eddie back from Las Vegas. Borden is my very close friend since I am 16 years of age.

Mr. HALLEY. He was in great trouble; was he?

Mr. COHEN. There is nothing wrong with Borden. They have put something in your mind that is absolutely ridiculous. The police department has put something in your mind that is silly.

Mr. HALLEY. I have facts in my mind.

Mr. COHEN. Borden is a fellow that never was arrested in his life.

Mr. HALLEY. Well, I have the facts in my mind.

Mr. COHEN. You know what they done with Borden? They pinched him since he came back from Las Vegas twice. They took him down and they put his tie up around his neck. They don't tell you them stories; do they? Here is a fellow who never has been arrested.

Mr. HALLEY. You stated you were getting him for the Los Angeles Police Department because they were worried; is that right?

Mr. COHEN. I was getting him because I knew what was going on. They were starting to harass everybody.

Mr. HALLEY. Why didn't you leave the poor man in Las Vegas where he wouldn't be harassed?

Mr. COHEN. They were under the impression he was killed.

Mr. HALLEY. You could have told them where he could be reached on the telephone at Las Vegas. That makes no sense at all, your explanation.

Mr. COHEN. It does to me; it makes sense.

Mr. HALLEY. You mean the police department couldn't find out if a man was in Las Vegas?

Mr. COHEN. They wouldn't want to; they wouldn't want to find out.

Mr. HALLEY. Do you have that low an opinion of the police department?

Mr. COHEN. Of certain members of the police department.

Mr. HALLEY. You had to bring him here in the early hours of the morning?

Mr. COHEN. I didn't have to bring him here. I asked my friend to come back.

Mr. HALLEY. And for them to bring him back?

Mr. COHEN. I told nobody to bring him back.

Mr. HALLEY. You asked Lubin to bring him back.

Mr. COHEN. I did not.

Mr. HALLEY. You spoke to both of them on the telephone and said, "Come on right back to Los Angeles?"

Mr. COHEN. That is right.

Mr. HALLEY. And you said, "The police department wants to be shown that you are alive"?

Mr. COHEN. Not only for that reason.

Mr. HALLEY. Did you take him to the police station and show the police that he was alive?

Mr. COHEN. Yes; I did. Well, I didn't take him to the police station. I had a 24-hour detail following me.

Mr. HALLEY. All you had to do was wave Borden around and they would see him?

Mr. COHEN. I didn't know the detail knew about it. I said, "Here is a fellow some people are worrying about down at the station."

Mr. HALLEY. In the middle of all this trouble you needed money enough to touch Borden for \$400 and \$1,000?

Mr. COHEN. We have taken money from each other 30 or 40 times that way. I just took it for over the week end.

Mr. HALLEY. Here was this man with his wrists cut?

Mr. COHEN. Yes.

Mr. HALLEY. And in a terrible condition, but you took the trouble to take the money from him. I thought that you would have loaned him money under the circumstances.

Mr. COHEN. I would loan him whatever he would want from me, whatever he would ask from me if I had it. This was nothing. This was money that he had. He didn't need it right at the moment. He received it back when he needed it.

The CHAIRMAN. We will take our noon recess now. The committee will stand in recess until 2 o'clock.

(Whereupon at 12:35 p. m., November 17, 1950, a recess was taken until 2 p. m. of the same day.)

(The committee reconvened at 2 p. m., pursuant to the taking of the noon recess.)

The CHAIRMAN. The committee will come to order, please. Will you proceed to question the witness, Mr. Halley.

FURTHER TESTIMONY OF MICHAEL (MICKEY) COHEN,  
LOS ANGELES, CALIF.

Mr. HALLEY. Oh, Mr. Cohen, is it still your contention that the Los Angeles Police Department was looking for Borden?

Mr. COHEN. What was that question? Is it still my what?

Mr. HALLEY. Is it still your contention that the Los Angeles Police Department were looking for Borden?

Mr. COHEN. Yes; they were.

Mr. HALLEY. Who told you that they were?

Mr. COHEN. I don't remember; I think their stool pigeon told me.

Mr. HALLEY. What is his name?

Mr. COHEN. I don't know who the fellow was.

Mr. HALLEY. Had you heard from any official source that the police department were looking for Borden?

Mr. COHEN. No.

Mr. HALLEY. When you spoke to Lubin and Borden on the telephone from Los Angeles to Las Vegas, you urged them both to get Borden back to Los Angeles at once. Now, what time was that?

Mr. COHEN. I have no idea.

Mr. HALLEY. It was after midnight on Saturday?

Mr. COHEN. It was late in the morning.

Mr. HALLEY. And probably closer to 3 or 4 a. m.?

Mr. COHEN. I think so; yes.

Mr. HALLEY. What was the urgency to get Borden back to Los Angeles by 9 o'clock the next morning?

Mr. COHEN. There was no specified time to have him back. It was just that I was worried about the man; that is all.

Mr. HALLEY. The man was broke?

Mr. COHEN. When he come back?

Mr. HALLEY. Yes.

Mr. COHEN. I think he had a few dollars.

Mr. HALLEY. Was he broke when he left?

Mr. COHEN. I can't answer that. I didn't know when he left.

Mr. HALLEY. His worries were money worries; were they not?

Mr. COHEN. I can't answer that.

Mr. HALLEY. He was your good friend; was he not?

Mr. COHEN. No question about it.

Mr. HALLEY. And you were afraid that he might even kill himself?

Mr. COHEN. That is true.

Mr. HALLEY. Is that right?

Mr. COHEN. Yes.

Mr. HALLEY. What was on his mind?

Mr. COHEN. He declared it himself to many people; he always talked about it.

Mr. HALLEY. What did he say? Did he say that he was broke; that he had been stuck on some bets?

Mr. COHEN. He never told me that.



Mr. HALLEY. Was he afraid of anyone?

Mr. COHEN. I don't think he is afraid of anybody; no.

Mr. HALLEY. What was he worried about?

Mr. COHEN. We are talking about a person that I have known for quite a number of years. He is a very peculiar person. He is a fellow that can sit in his room for 3 or 4 days and have \$5,000 in his pocket and eat that canned food and just sit there and listen to the radio without seeing or hearing from anybody. He is a peculiar man, and it is hard to explain about this person to anybody. He was a fellow that kept talking about—he had suicidal tendencies all the time. It is hard to explain about him.

Mr. HALLEY. It is difficult for me to understand why it was necessary for him to come to the Mayan Hotel that very morning for you to meet him there.

Mr. COHEN. One of his very closest friends lives there.

Mr. HALLEY. Babe McCoy?

Mr. COHEN. That is true.

Mr. HALLEY. Were you to have a conference with him?

Mr. COHEN. I can enlighten you on this whole thing if you would like it.

Mr. HALLEY. I would like it very much.

Mr. COHEN. You are trying to clean up something here from the police department that doesn't even know what the situation was with this thing. They are guessing and listening to some people that are trying to give them information to get in good with them. This fellow was my very close friend. There was nobody as close to me as this man. It is ridiculous for this investigating committee to talk about the man. He is no bookmaker or anything like that at all. I can bring in 500 people to testify to that effect, big people, in the fight business and very respectable people. This is no man that should be involved with the police department.

Mr. HALLEY. Is that the only explanation you have of his being rushed back to Los Angeles by Lubin in a chartered plane?

Mr. COHEN. He was not rushed back by Lubin. He was rushed back on his own accord. He wanted to come back after I got through speaking to him. Nobody rushed that man back.

Mr. HALLEY. What did you say to him to make him want to come back?

Mr. COHEN. I told him, "Eddie," I said, "you have everybody worried here. You have my wife hysterical." Everybody thought he committed suicide. Everybody was under that impression.

Mr. HALLEY. Why was it necessary for him to be in Los Angeles? Las Vegas is a well-known resort.

Mr. COHEN. He should be close to his friends.

Mr. HALLEY. Did he have no friends in Las Vegas?

Mr. COHEN. I don't think so. He is a peculiar type of person. You can't explain him to a person that doesn't know him.

Mr. HALLEY. I think you said he was there with Hymie Miller?

Mr. COHEN. Las Vegas is a small place. He must have run into him.

Mr. HALLEY. He knew Hymie Miller, did he?

Mr. COHEN. I imagine he did.

Mr. HALLEY. Miller is a bookmaker, isn't he?

Mr. COHEN. Is that what you say?

Mr. HALLEY. Isn't that the fact?

Mr. COHEN. That is what you say; I don't know.

Mr. HALLEY. You have heard it?

Mr. COHEN. I have heard it; yes.

Mr. HALLEY. You certainly know he was indicted and is under indictment for bookmaking.

Mr. COHEN. It was in the paper.

Mr. HALLEY. Isn't it the fact that Borden owed over \$4,000 on bets he had made?

Mr. COHEN. How would I know?

Mr. HALLEY. Didn't he tell you that?

Mr. COHEN. He did not tell me that.

Mr. HALLEY. You say you know Sammy Lewis?

Mr. COHEN. Yes.

Mr. HALLEY. Did you have any discussion with Sammy Lewis as to whether Borden owed him any money?

Mr. COHEN. Not one solitary word.

Mr. HALLEY. None whatsoever?

Mr. COHEN. No.

Mr. HALLEY. Isn't it a fact that Borden left Los Angeles and went to Las Vegas because he couldn't meet his debts on his bets?

Mr. COHEN. Not that I know of.

Mr. HALLEY. Didn't he tell you that?

Mr. COHEN. He did not; no.

Mr. HALLEY. Isn't it also the fact that he had no money; that when he had to get some money for you and for himself he had to get checks from Nat Fleisher and from Al Weill?

Mr. COHEN. He has gotten money from Fleisher and Al Weill on 20 different occasions.

Mr. HALLEY. Then he was broke and he had to send to New York for money?

Mr. COHEN. That is right.

Mr. HALLEY. A thousand dollars for you and a thousand dollars for him?

Mr. COHEN. Yes.

Mr. HALLEY. So if he owed \$4,000 to people whose names I have here, he would have had a pretty good motive to leave Los Angeles in a hurry?

Mr. STRONG. That is speculative.

Mr. COHEN. I don't know. You are trying to clean something up for the L. A. police department and they have given you a lot of bum information. That is my answer.

Mr. HALLEY. I am trying to get facts.

Mr. COHEN. You have no facts.

Mr. HALLEY. This committee is interested in the nature of your operations.

Mr. COHEN. I am telling you, Mr. Halley, you have no facts.

The CHAIRMAN. Just a minute, Mr. Cohen. Just answer the questions, if you will. If you know the answer, just say so and answer the question.

Mr. COHEN. I am trying to answer to my best ability.

The CHAIRMAN. And if you do not know the answer, say so.

Mr. COHEN. That is the answer—I don't know the answer.

Mr. HALLEY. Then you got on the phone and urgently looked for Borden; is that right?

Mr. COHEN. I look for Borden all over; yes, sir.

Mr. HALLEY. You finally located him at Las Vegas in the early hours of Saturday morning?

Mr. COHEN. No. I was told he was in Las Vegas.

Mr. HALLEY. But you didn't locate him until the early hours of Saturday morning?

Mr. COHEN. That is true.

Mr. HALLEY. In the meantime, you phoned out there and urged Lubin to find him?

Mr. COHEN. That is right.

Mr. HALLEY. Lubin rushed around town and found him?

Mr. COHEN. That is right.

Mr. HALLEY. Then you got him back into Los Angeles right away?

Mr. COHEN. I asked this man to come back here.

Mr. HALLEY. That is right; you asked Lubin to come with him too?

Mr. COHEN. I didn't ask Lubin to come with him. I asked Lubin to see to it that he doesn't do any harm to himself.

Mr. HALLEY. And to be with him?

Mr. COHEN. That is not right. I did not ask him to be with him. I said for him to see that no harm comes to the fellow.

Mr. HALLEY. Isn't it a fact that Lubin told you they could come in on a regular plane and you told Lubin to charter a plane?

Mr. COHEN. No.

Mr. HALLEY. That is not the fact?

Mr. COHEN. No.

Mr. HALLEY. Is there no possibility that you may have forgotten the fact?

Mr. COHEN. I say that is not the fact, to the best of my knowledge.

Mr. HALLEY. You would know the fact?

Mr. COHEN. I say it is not a fact.

Mr. HALLEY. It is a fact that the next morning you did meet Borden at the Mayan Hotel in Room 235. That is the fact; isn't it? You met him that same morning, Saturday morning?

Mr. COHEN. I met him. It wasn't in the morning; no.

Mr. HALLEY. You went to the bank before 12 o'clock with him?

Mr. COHEN. That is right; yes.

Mr. HALLEY. So you must have met him in the morning.

Mr. COHEN. I say it was in the afternoon. Maybe he got in the bank late.

Mr. HALLEY. Twelve o'clock is noon, isn't it?

Mr. COHEN. Yes. I can get into my bank any time I want, pretty near, up to 5 o'clock.

Mr. HALLEY. You drove him to the bank. Was there any special arrangement to get into the bank or did he go right into the door?

Mr. COHEN. I don't know.

Mr. HALLEY. You just walked out and got a shoe shine?

Mr. COHEN. I sat in the car and when he didn't come back for a while I went and got a shine.

Mr. HALLEY. Did he walk into the bank?

Mr. COHEN. I don't know.

Mr. HALLEY. You saw him; the car was right there?

Mr. COHEN. I did not see him. You are putting words into my mouth.

Mr. HALLEY. How could you help seeing him?

Mr. COHEN. I was up the street.

Mr. HALLEY. How far up the street?

Mr. STRONG. Isn't that argumentative?

Mr. COHEN. You ask me a question and you are answering it yourself. You are trying to answer the questions for me. Have I a right to answer my own questions? Have I a right to answer the questions myself, Senator?

The CHAIRMAN. He is asking you the questions. You answer the questions the best you can.

Mr. COHEN. He is answering my questions for me.

The CHAIRMAN. He is asking you if you know certain things. If you know them, tell us.

Mr. COHEN. He took a police report——

The CHAIRMAN. That is all right. You just answer the questions.

Mr. COHEN. He is trying to make me look as dirty as he possibly can; the police department is trying to make me look as dirty as they possibly can. They have arrested me 50 or 60 times. On this report here, they can arrest you and put anything down that they want to on the report.

The CHAIRMAN. Mr. Cohen, please just answer the questions.

Mr. COHEN. All right, Senator.

The CHAIRMAN. Where the committee gets information is not your concern.

Mr. COHEN. I want to ask you this, Senator——

The CHAIRMAN. We will ask you the questions and you answer them.

Mr. COHEN. I would like to ask you about this. They asked me about prostitution, about me and Joe Sica. Who was the prostitute? Me or Joe Sica?

The CHAIRMAN. Never mind, Mr. Cohen.

Mr. COHEN. Who was the prostitute? Coppers pinch you and take you down and put you down for prostitution.

The CHAIRMAN. Let me tell you something——

Mr. COHEN. They arrest you and they can put down anything they want to on the report. They even put you down for prostitution.

The CHAIRMAN. I said let me tell you something, if you will.

Mr. COHEN. I am sorry, sir.

The CHAIRMAN. Counsel will ask you questions and you answer them if you know the answer. If you cannot answer the questions just say you don't know.

Mr. COHEN. He won't let me say I don't know. He wants to answer my questions for me.

The CHAIRMAN. We are getting along all right, if you will just answer the questions that he asks you.

Mr. HALLEY. Take it easy; we will get along fine. Is it your contention that you got to the bank after 12 o'clock noon?

Mr. COHEN. I said noon; I don't know.

Mr. HALLEY. Around noon?

Mr. COHEN. That is right. I never made any arrangement with this man to go to the bank. We started going out Eighth Street to the



store. He said, "Have we got time to go by the bank?" or something like that, or, "Will you take me by the bank?" I was talking to him all the time. I was saying, "Eddie, what is wrong with you?" He is a friend of mine. We didn't know what happened. Not only was I worried about the man, but I can bring you 20 people running around wild worrying about the man. If you knew the particular person you would know who I was talking about. This fellow is 100 percent legitimate, a 100 percent legitimate person. He has managed some of the greatest fighters in the country.

Mr. HALLEY. He owed some people money, didn't he?

Mr. COHEN. How would I know? I don't know about that.

The CHAIRMAN. The point of the inquiry is that you were worried that he might commit suicide, or you were worried whether he was alive or not. You found him alive over in Las Vegas.

Mr. COHEN. This is after 5 or 6 days, Senator.

The CHAIRMAN. Then the question was: Why did you have to get him back here when you found out he was alive and over there all right, evidently everything was all right. That is what Mr. Halley is trying to get at.

Mr. COHEN. Because there was a lot of confusion about the fellow.

The CHAIRMAN. We understand there was confusion all right.

Mr. HALLEY. I also want to know why you had to get \$400 from him that very morning that he came back.

Mr. COHEN. He has taken money off me 20, 30 or 40 times, Mr. Halley, and I have taken it off of him. I needed the money over the week end. It was nothing. There were no two closer people than this man and I.

Mr. HALLEY. I believe you testified that you are broke these days; is that right?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You have had a fairly large amount of money come through your hands this year, haven't you?

Mr. COHEN. Money come through my hands?

Mr. HALLEY. Yes.

Mr. COHEN. You mean that I have borrowed?

Mr. HALLEY. Yes.

Mr. COHEN. Yes; I borrowed some money.

Mr. HALLEY. You borrowed quite a bit, haven't you?

Mr. COHEN. Well, a fair amount of money; yes.

Mr. HALLEY. How much?

Mr. COHEN. I don't know, but my accountant was up here with the figures. Every time I borrow money I call him and tell him I borrow.

Mr. HALLEY. It is about \$60,000?

Mr. COHEN. I don't know if that is the figure or not; it is possibly around there.

Mr. HALLEY. What happened to that \$60,000?

Mr. COHEN. I paid off a \$25,000 bond. For the last 4 years I have been constantly in courts and under harassment by the Los Angeles Police Department, that is making it their business to see that I get broke.

Mr. HALLEY. What happened to the rest of the money?

Mr. COHEN. I just got through telling you. I have been in court and that takes attorneys. This attorney here didn't come up here today for nothing either, you know that.

Mr. HALLEY. You were broke 2 weeks ago or 10 days ago when you had to borrow this money from Eddie Borden?

Mr. COHEN. I borrowed it on different occasions.

Mr. HALLEY. I presume at that time you hadn't paid your counsel here; you hadn't been subpoenaed yet. Now, you borrowed at least \$60,000 this year?

Mr. COHEN. Yes.

Mr. HALLEY. You say you spent \$25,000 for the bond on the man who disappeared?

Mr. COHEN. That is right.

Mr. HALLEY. That would leave \$35,000.

Mr. COHEN. I don't know.

Mr. HALLEY. How did you spend the other \$35,000?

Mr. COHEN. On my living and I had a colored maid.

Mr. HALLEY. How else?

Mr. COHEN. Lawyers' expenses; troubles.

Mr. HALLEY. Is it all gone by now?

Mr. COHEN. All excepting what I have in my pocket.

Mr. HALLEY. You have nothing in the world except what you have in your pocket?

Mr. COHEN. That is right.

Mr. HALLEY. What do you have in your pocket?

Mr. COHEN. \$200 or \$300; \$285 or so. Yes, \$285.

Mr. HALLEY. That is all the money you have left in the world?

Mr. COHEN. \$286, I mean.

Mr. HALLEY. How do you expect to live from now on?

Mr. COHEN. I can get money.

Mr. HALLEY. You borrow it?

Mr. COHEN. Yes.

Mr. HALLEY. How much do you owe at this time, Mr. Cohen?

Mr. COHEN. Well, Senator, I am under investigation by the Internal Revenue now for the last 3 or 4 years. There has been some talk about it.

The CHAIRMAN. Do you think telling how much you owe would incriminate you?

Mr. COHEN. I don't know. I am under investigation by the Internal Revenue Bureau now. I want your answer, Senator.

The CHAIRMAN. I am just passing on objections, one way or the other. The question is how much do you owe at the present time.

Mr. COHEN. Is that a proper question to answer, if you are under investigation by the Internal Revenue?

The CHAIRMAN. In my opinion, the fact that you owe some money doesn't make you guilty of any crime, but if you have other opinions about it you can consult with your attorneys to see what you want to do.

Mr. COHEN. I would say about \$300,000.

Mr. HALLEY. When did you start borrowing these large amounts of money?

Mr. COHEN. When I started having trouble.

Mr. HALLEY. When was that?

Mr. COHEN. I would say about 3½ or 4 years ago.

Mr. HALLEY. About 1945?

Mr. COHEN. Around there I imagine, yes.

Mr. HALLEY. You found that from then on you were not able to live on your earnings?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You did earn certain substantial amounts of money each year, did you not?

Mr. COHEN. That is right.

Mr. HALLEY. Why were you not able to live within your means?

Mr. COHEN. When you have to hire attorneys and pay bonds and you have court troubles, money is of no value.

Mr. HALLEY. We have your expenses here listed by your auditor. They don't show any attorney fees.

Mr. COHEN. They must show attorney fees somewhere.

Mr. HALLEY. Let's take the last year for which expenses are itemized. They show food, \$2,600.

Mr. COHEN. Yes.

Mr. HALLEY. Clothing something like \$3,900. Would that be about right?

Mr. COHEN. I presume so, if it is on the thing there.

Mr. HALLEY. Without going through it item by item, there is jewelry, automobiles, entertainment, servants, miscellaneous, gardener, cost of house, furniture, medical and dental, business loans and investments, and taxes. I don't see any item for attorney fees. Do you know whether there were any?

Mr. COHEN. If it is not on there there probably wasn't that year or I paid it the year following or something like that.

Mr. HALLEY. I just don't see them in here.

Mr. COHEN. At times I didn't have money to pay the attorneys and I paid it at different times.

Mr. HALLEY. In certain years you earned fairly substantial sums, did you not?

Mr. COHEN. That is right.

Mr. HALLEY. In 1948 you earned——

Mr. STRONG. May I ask this, I believe there is an Internal Revenue investigation and the newspapers indicated that part of this is going to go into his income and so forth. I do not think he should answer any questions that are under investigation by the Internal Revenue Bureau.

Mr. HALLEY. No question has been asked. You have the right to object to any specific question that is asked.

The CHAIRMAN. I think I should state for your benefit, that the information Mr. Halley is looking at, the memorandum, did not come from the Internal Revenue Department. That was brought in by Mr. Cohen's auditor under subpoena of this committee.

Mr. STRONG. My point simply was since there is an investigation by the United States Government that perhaps the questions wouldn't be proper.

The CHAIRMAN. Let Mr. Halley ask the question and then you advise your client to answer or not.

Mr. STRONG. I understand the immunity statute applies if he does not object.

The CHAIRMAN. You have to claim your immunity. That is, if he answers without my directing him to answer he has no immunity.

Mr. STRONG. On behalf of my client I would like to claim all the benefits of the immunity statutes as to any questions asked here. I am not talking about self-incrimination, but the immunity statute which deals with witnesses before congressional committees.

The CHAIRMAN. We will have to ask you to make your specific objections to specific questions.

Mr. STRONG. We are not objecting to specific questions. We are making the general request under the immunity statute as to anything brought out by the Federal Government, or that might be under investigation by the Federal Government.

The CHAIRMAN. You have made your claim in the record. In order to avail yourself of the immunity statute you will have to make specific objections at the time the question is asked.

Mr. STRONG. My understanding is the statute applies even if you don't ask for it.

The CHAIRMAN. That will have to be settled by the courts then.

Mr. HALLEY. In the year 1947, you reported earnings of \$29,483, did you not?

Mr. STRONG. May I consult with him for a moment?

The CHAIRMAN. Yes. Do you want to answer the question or not?

Mr. STRONG. May we have the question repeated?

(The question was read by the reporter.)

Mr. COHEN. Yes, sir.

Mr. HALLEY. That would be one-half of the actual earnings because your wife would, under the community property rule, be able to file for half of the earnings; is that correct?

Mr. COHEN. I don't know what he is asking me. I don't know anything about those things.

Mr. HALLEY. Did you not actually earn something like \$60,000 in the year 1947, of which you reported half and your wife reported half?

Mr. COHEN. Then it must be so.

Mr. HALLEY. Do you have no independent recollection of your own earnings?

Mr. COHEN. None whatsoever. I don't know anything about those books or them things.

Mr. HALLEY. In the year 1947, could you and your wife not live on \$60,000 without borrowing huge sums of money from others?

Mr. COHEN. What has that to do with the investigation?

The CHAIRMAN. He is asking you whether or not you could have lived on that amount.

Mr. COHEN. I couldn't live on it.

Mr. HALLEY. In the year 1947, you borrowed from Arthur Seltzer \$25,000?

Mr. COHEN. I think so. I borrowed \$25,000; I don't know the specific date.

Mr. HALLEY. Who is Arthur Seltzer?

Mr. COHEN. A manufacturer of ladies' handbags.

Mr. HALLEY. How long have you known him?

Mr. COHEN. I would say 12 or 14 years; 10 or 12 years.

Mr. HALLEY. Where does he live?

Mr. COHEN. In Poughkeepsie, N. Y.



Mr. HALLEY. Did you phone him or write to him or go to see him to arrange this loan?

Mr. COHEN. I can't remember those things. He was here; he came here with his wife and spent some time at my home with me on four or five different occasions. I can't recall all those details.

Mr. HALLEY. That is a substantial amount of money; is it not?

The CHAIRMAN. The question is, Mr. Cohen: What arrangements did you make to borrow the money from him? Did you call him up on the phone or did you go to see him?

Mr. COHEN. I can't answer that truthfully; I don't know. It is quite some years back.

The CHAIRMAN. 1947? Even for a man in the money like you, \$25,000 is a lot of money. If you remember how you made the arrangements, as you should remember it, I want you to tell us about it.

Mr. COHEN. I am sorry that you think I should remember it, but I don't remember it.

Senator TOBEY. When you borrowed the different sums of money referred to here did you give your own notes, personal promissory notes?

Mr. COHEN. I have never given a note; I think I gave one note for money in all my life.

Senator TOBEY. You borrowed it on a friendly basis? Who kept a record of the money you borrowed?

Mr. COHEN. My accountant. I borrowed \$35,000 from the president of a bank with no note.

Senator TOBEY. Was that the Pennsylvania Exchange Bank in New York?

Mr. COHEN. No; the Hollywood State Bank in this city.

Senator TOBEY. Supposing you borrow \$25,000 from me, what would I receive from you? Nothing but good will?

Mr. COHEN. That is what they must have thought.

Senator TOBEY. Supposing you passed away in the interim, they would have had nothing to show for it; is that right?

Mr. COHEN. That is right.

Senator TOBEY. The \$300,000 is represented by nothing tangible?

Mr. COHEN. That is right; most of it. I think I have given one or two notes; possibly three notes.

Senator TOBEY. How much money did you borrow from the bank president?

Mr. COHEN. \$35,000.

Senator TOBEY. You gave him no note?

Mr. COHEN. No.

Senator TOBEY. Was it bank money or his own personal money?

Mr. COHEN. His own. It has been investigated, Senator. It is under the Internal Revenue Department. This president at this bank, I have loaned money from him maybe five or six different times. If I went in to him and offered him \$35,000 to just say he loaned me \$35,000, he wouldn't do it. That is the type of person he is.

The CHAIRMAN. Let's ask him who that is.

Mr. COHEN. It is Mr. Brown at the Hollywood State Bank.

Senator TOBEY. In the days when they used to have these old-fashioned writing books with the copper plate on top, there is something on that that said "Character is the basis of credit."

Mr. COHEN. I have had some people say that they would rather loan me money without a note than they would other persons with a note or some other security.

Mr. HALLEY. What is the basis of that, Mr. Cohen?

Mr. COHEN. Because I have tried to pay everybody back. Every one of these persons who have loaned money have loaned money when I have terrible troubles, court troubles and troubles where I was fighting for my freedom. A lot of these people believe that it was only a case of harrassment and just the police department trying to cover up for their own dirty work, which you are helping them out right now.

Mr. HALLEY. You don't believe you have ever engaged in any dirty work?

Mr. COHEN. I absolutely do not. I don't say that I have been an angel all my life, but I do say this, that I have tried to overcome everything that I have done in my life.

Mr. HALLEY. Don't you believe that the United States Senate committee investigating organized crime should be looking into your activities and should be trying to find out what you have been doing?

Mr. COHEN. Yes, I do. Now, I am only too happy to answer every or any question for the Senate committee with the greatest respect.

Mr. HALLEY. I think you shouldn't refer, then, to "dirty work" on the part of the police department or anyone else.

Mr. COHEN. You don't know what you are doing, Mr. Halley, if you want my true opinion. Do you want me to express it? You are trying to clean up a lot of dirty work for people who are trying to cover up for themselves.

Mr. HALLEY. What are they trying to cover up?

Mr. COHEN. I don't know what they are trying to cover up. Every time that something comes up where they want to get it in the papers, I am the best medium for them. All they have to do is throw something at me.

Mr. HALLEY. I don't think you should be vague. I think as a citizen, if you think something is being covered up, you should say so.

Mr. COHEN. I am the greatest newspaper copy in this city and they have used me for any kind of a purpose. Ninety percent of the people in the city will tell you that.

Senator TOBEY. In a Senate committee hearing on interstate commerce, we had another gentleman of the same profession come before us. His name was Frank Costello. I began to question him and in all pomposity he beat his breast and said, "I am front-page stuff. Every time I speak, the papers carry it on the front page." That is called egotism.

Mr. COHEN. That happens to be my case and not egotism. I can spit on the sidewalk and it will be in the headlines.

Senator TOBEY. I won't say any more at this time.

Mr. COHEN. These are actual facts.

Mr. HALLEY. Can we get back to your credit? Money is factual and we can talk about figures.

Mr. COHEN. I want to say one thing to you. The State crime commission came out with a statement that I own a home that is worth \$200,000. Now, I will make this statement right openly here, anybody in this room can buy the house for \$40,000.

Mr. HALLEY. What did you pay for it?

Mr. COHEN. I will take \$40,000 for the house right now. I paid \$32,000. How can I overcome those kind of exaggerations?

Mr. HALLEY. What improvements did you put into it?

Mr. COHEN. Very little.

Mr. HALLEY. Well, what?

Mr. COHEN. Maybe \$10,000 worth of improvements; maybe \$15,000. I will take \$40,000 for the house.

Mr. HALLEY. Your record shows you put \$48,880.34 into furniture, renovations, and house repairs.

Mr. COHEN. Are you talking with furniture? I am not talking with furniture, I am talking about the house that they claim is worth \$200,000, this mansion that I paid \$32,000 for.

Mr. HALLEY. Is there a mortgage on the house?

Mr. COHEN. Yes, there is.

Mr. HALLEY. How much?

Mr. COHEN. \$12,000.

Mr. HALLEY. That brings the cost of the house up to \$44,000.

Mr. COHEN. No. The cost of the house was \$32,000 with the mortgage.

Mr. HALLEY. Your disbursements show that you paid \$33,520 in actual outlay for that house. Is that wrong? Should that be reduced to \$21,000?

Mr. STRONG. Are we going into income tax matters here?

Mr. HALLEY. He volunteered it. He said the cost of the house was misrepresented. We are now trying to find out what the house cost.

Mr. COHEN. The house cost me \$33,000 and I got a mortgage of \$12,000 on it.

Mr. HALLEY. So that is \$45,000 that it cost?

Mr. COHEN. No; I paid \$33,000 with the mortgage.

Mr. HALLEY. Then you put \$48,880 into furniture, renovations, and repairs?

Mr. COHEN. If that is on there that is probably what it is.

Mr. HALLEY. How much was for furniture and how much for improvements on the house?

Mr. COHEN. I can't answer that; I don't know offhand. There is a record there, I guess.

Mr. HALLEY. In any event, the total cost is \$82,000 for the home you live in with its furnishings; is that right?

Mr. COHEN. Probably so.

Mr. HALLEY. And that money was spent in the year 1947?

Mr. COHEN. That is probably right.

Mr. HALLEY. You have said your credit is very fine.

Mr. COHEN. It is not so fine right now. Of course, when you owe so much money it becomes harder to get money.

Mr. HALLEY. You stated the reason you had to borrow all this money was to pay your lawyers.

Mr. COHEN. These aren't the only lawyers I have. I have lawyers like Jerry Giesler, Ferguson, and Sammy Rummel.

Mr. HALLEY. I am trying to show that your money went to other people besides lawyers. Take the year 1947. You borrowed how much money in 1947, do you know?

Mr. COHEN. I don't know offhand, the exact figure.

Mr. HALLEY. \$150,000, did you not?

Mr. COHEN. I think that is about it.

Mr. HALLEY. About \$80,000 of that went into a new house and furnishings?

Mr. COHEN. That is right.

Mr. HALLEY. You did not use that to pay lawyers?

Mr. COHEN. I have been embarrassed many times by people. People would embarrass me by asking me to move from an apartment so I finally had to get my own home even though I did not want to.

Mr. HALLEY. Is it your position now that you were not able to stay in an apartment?

Mr. COHEN. That is the real reason; yes.

Mr. HALLEY. Why?

Mr. COHEN. Because of the notoriety.

Mr. HALLEY. Perhaps they were afraid of being shot at.

Mr. COHEN. That could be possible too.

Mr. HALLEY. In any event, you couldn't find a house cheaper than \$35,000?

Mr. COHEN. That was during the war and a house for \$33,000——

Mr. HALLEY. The war ended in 1945.

Mr. COHEN. It was during the war conditions.

Mr. HALLEY. Then you found it necessary to go out and spend another \$48,000 for furnishings?

Mr. COHEN. That is right; yes.

Mr. HALLEY. You found it necessary to borrow from your friends?

Mr. COHEN. At that time I didn't know that other troubles were going to pile up on me. I thought I would be able to take care of some of these things.

Mr. HALLEY. How many of these early debts have you paid back? Do you know whether or not you have paid back Tony Palasso?

Mr. COHEN. I never paid him back.

Mr. HALLEY. Did you pay back Jay Copeland? You borrowed some money from him in 1945.

Mr. COHEN. No, sir.

Mr. HALLEY. Did you pay back Lubin?

Mr. COHEN. At different times. I have paid him back; yes. He has taken money from me. It would be too difficult for me to answer the question truthfully.

Mr. HALLEY. Then in 1947, you borrowed \$25,000 from Seltzer; did you ever pay that back?

Mr. COHEN. I paid him back some of it.

Mr. HALLEY. How much?

Mr. COHEN. I don't know exactly. Whenever I have paid him some amount of money it has always been on there, on the record somewhere.

Mr. STRONG. In connection with these questions relating to income, I would like the record to show that an assistant United States attorney by the name of Lavine, who prosecutes cases for the Government is taking notes in the court room.

The CHAIRMAN. This is a public hearing.

Mr. STRONG. I make that statement in connection with our claim for immunity.

Mr. HALLEY. You borrowed \$15,000 from Charles Yolnosky in 1947. Have you paid that back yet?



Mr. COHEN. No.

Mr. HALLEY. And from Charles Schuester, you borrowed \$10,000 in 1947. Have you paid that back?

Mr. COHEN. I still owe him.

Mr. HALLEY. Babe McCoy, \$5,000. Have you paid that back?

Mr. COHEN. No, sir.

Mr. HALLEY. Sam Rothman, \$3,000; have you paid that back?

Mr. COHEN. No, sir.

Mr. HALLEY. And Harry Rothman, \$15,000; have you paid that back?

Mr. COHEN. No, sir.

Mr. HALLEY. Did you pay that back?

Mr. COHEN. No, sir.

Mr. HALLEY. Did you borrow \$25,000 from Bugsy Siegel?

Mr. COHEN. That is right.

Mr. HALLEY. Did you pay that back?

Mr. COHEN. No, sir.

Mr. HALLEY. Were you on pretty friendly terms with Bugsy Siegel in 1947?

Mr. COHEN. Very good terms.

Mr. HALLEY. And from Jack Copeland you borrowed \$30,000?

Mr. COHEN. I think that is the figure, yes.

Mr. HALLEY. You haven't paid these sums back at all, have you?

Mr. COHEN. No, sir; I haven't been able to.

Mr. HALLEY. But your credit is still good?

Mr. COHEN. That is true; yes.

Mr. HALLEY. So that in the year 1948, you were able to borrow approximately \$80,000?

Mr. COHEN. That is right; I am still borrowing.

Mr. HALLEY. Already in 1950, you were able to borrow \$60,000?

Mr. COHEN. That is right.

Mr. HALLEY. How do you maintain your credit without paying back your creditors?

Mr. COHEN. I told you my credit is getting a little weak.

Mr. HALLEY. How did you ever develop such credit, Mr. Cohen?

Mr. COHEN. How did I develop it?

Mr. HALLEY. That is a serious question. Prior to 1945 your earnings were quite low, weren't they?

Mr. COHEN. I think they were; yes.

Mr. HALLEY. We have your tax returns, which were subpoenaed from your accountant here. I think they show for the year 1944 a total income of \$6,500, for yourself and, of course, there would be \$6,500 for your wife.

Mr. COHEN. That is right.

Mr. HALLEY. For 1943 only \$3,800; is that correct?

Mr. COHEN. Yes.

Mr. HALLEY. For the year 1941 you show no income at all; is that right?

Mr. COHEN. That is probably right.

Mr. HALLEY. Now, in 1945 when your income did go up to \$12,266 for yourself and the same for your wife, you found it necessary to borrow an additional \$35,000?

Mr. COHEN. That is probably right.

Mr. HALLEY. Did your living expenses go up so swiftly?

Mr. COHEN. I live pretty high.

Mr. HALLEY. You live pretty high?

Mr. COHEN. That is right.

Mr. HALLEY. How high do you live, Mr. Cohen?

Mr. COHEN. I live as good as I can; that is all.

Mr. HALLEY. I think you mentioned buying an automobile this year?

Mr. COHEN. Yes.

Mr. HALLEY. And having it made specially; having it made as a special automobile; is that correct?

Mr. COHEN. That is right.

Mr. HALLEY. What did that cost you?

Mr. COHEN. I think around \$16,000.

Mr. HALLEY. \$16,000?

Mr. COHEN. Yes.

Mr. HALLEY. When did you have that made?

Mr. COHEN. It has been under construction for the last 6 or 7 months.

Mr. HALLEY. Is it finished?

Mr. COHEN. Not all finished yet; no.

Mr. HALLEY. Is it another armored automobile?

Mr. COHEN. When I say it cost me \$16,000 I haven't paid for all of it yet.

Mr. HALLEY. It is still being finished up for you?

Mr. COHEN. There are some other people who have investments in it.

Mr. HALLEY. Who?

Mr. COHEN. The Coachcraft people.

Mr. HALLEY. Who else?

Mr. COHEN. Them people.

Mr. HALLEY. What is the automobile for? Is it for a special use?

Mr. COHEN. It is for my protection.

Mr. HALLEY. It is for your protection, is it?

Mr. COHEN. Yes.

Senator TOBEY. Is it bulletproof?

Mr. COHEN. Yes.

Mr. HALLEY. You have one bulletproof automobile already, do you not?

Mr. COHEN. I do not; no.

Mr. HALLEY. Didn't you recently get a bulletproof automobile?

Mr. COHEN. That is the one we are talking about.

Mr. HALLEY. I thought that one was finished.

Mr. COHEN. Not completely; no.

Mr. HALLEY. What is there left to do to it?

Mr. COHEN. There is a lot of work left to be done with it. The inside isn't completely finished. When we were turned down for the permit we didn't finish it.

Mr. HALLEY. You tried to get a permit for it and you were turned down?

Mr. COHEN. That is right.

Mr. HALLEY. Are you still finishing it up?

Mr. COHEN. They are leaving it lay there until we see what happens with the writ for the permit.

Mr. HALLEY. You incurred all these expenditures. Apparently you are quite confident that you can continue to borrow money at the same rate as in the past?

Mr. COHEN. When a man tries to protect his family and himself he strains himself to borrow money to take care of those things. I retain two guards on my home today, which I can't afford.

Mr. HALLEY. What do you pay them?

Mr. COHEN. I pay them different sums.

Mr. HALLEY. Well, what?

Mr. COHEN. \$125 or \$130.

Mr. HALLEY. A week?

Mr. COHEN. Yes.

Mr. HALLEY. Each?

Mr. COHEN. No; for both of them.

Mr. HALLEY. \$130 a week for the two of them?

Mr. COHEN. Maybe \$140 some weeks.

Mr. HALLEY. What are their names?

Mr. COHEN. Hawkins, I call him; I don't know his first one. The other one's name is Anderson. They are certified guards, licensed by the State.

Mr. HALLEY. How long have you had guards?

Mr. COHEN. Since the bombing of my home.

Mr. HALLEY. When was that?

Mr. COHEN. I don't know the exact date.

Mr. HALLEY. When was your home bombed, don't you remember that?

Mr. COHEN. I don't know.

Mr. HALLEY. Just what happened? Was it this year?

Mr. COHEN. Yes.

Mr. HALLEY. Was it before the shooting or after the shooting?

Mr. COHEN. After.

Mr. HALLEY. I am referring to an occasion when you were with Neddie Herbert and he was shot.

Mr. COHEN. It was after that.

Mr. HALLEY. Your home was bombed after that?

Mr. COHEN. Yes.

Mr. HALLEY. Were there any other attempts made on your life?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What were they?

Mr. COHEN. I was shot at when I turned into my home one day to go home.

Mr. HALLEY. You were in an automobile?

Mr. COHEN. Yes.

Mr. HALLEY. And some bullets went through the back window of the automobile?

Mr. COHEN. Two shotgun slugs through the back and two through the front.

Mr. HALLEY. On that occasion you went through elaborate means to keep the police from knowing that you were shot at, did you not?

Mr. COHEN. No, sir; I did not.

Mr. HALLEY. Do you recall having been questioned at the inquest on the killing of Neddie Herbert?

Mr. COHEN. There were some police looking to do me harm that I wouldn't speak to at all.

Mr. HALLEY. I am talking about your questioning by the coroner at the coroner's inquest.

Mr. COHEN. Yes.

Mr. HALLEY. Do you recall having been asked whether there were any prior attempts on your life?

Mr. COHEN. I got out of a sickbed to go to the coroner's inquest and I was told to answer and that is how I answered.

Mr. HALLEY. Who told you how to answer?

Mr. COHEN. I was advised by my attorneys.

Mr. HALLEY. Who were your attorneys?

Mr. COHEN. Ferguson and Rummel.

Mr. HALLEY. What are their full names?

Mr. COHEN. I don't know their full names; Sammy Rummel. I don't know the other guy's full name.

Mr. HALLEY. Which one advised you to say you didn't know whether or not you knew your automobile had been shot at?

Mr. COHEN. They didn't advise me specifically.

Mr. HALLEY. Just what was the advice, Mr. Cohen?

Mr. COHEN. They knew I wasn't feeling well and they advised me to go through the thing as best I could. That is the way I thought was the best way to do it.

Mr. HALLEY. Did they advise you not to give the police any help?

Mr. COHEN. Absolutely not.

Mr. HALLEY. I thought that was the implication of what you said a few minutes ago.

Mr. COHEN. They have been 100 percent to give the police help.

Mr. HALLEY. Do you recall having been asked a question:

Q. There were some other attempts made, were there not?—A. I don't know.

Q. Let me ask you this: the automobile you were in one night was hit by a couple of bullets, wasn't it?—A. I don't know.

Mr. COHEN. If it says that there that must be true.

Mr. HALLEY. You were not telling the truth on that occasion?

Mr. COHEN. Maybe at that time I didn't know.

Mr. HALLEY. Of course you knew, didn't you?

Mr. COHEN. You say "Of course I knew." You are answering my questions again.

The CHAIRMAN. The question is whether you knew.

Mr. COHEN. I say at that time I didn't know. I got out of a hospital bed to go to this hearing.

The CHAIRMAN. The question is whether you knew whether shots were shot at your automobile and whether you just knew that.

Mr. COHEN. Maybe I didn't know what they were.

Mr. HALLEY. You know it now, don't you?

Mr. COHEN. That is right.

Mr. HALLEY. Why shouldn't you have known it then?

Mr. COHEN. I was in an upset condition then.

Mr. HALLEY. Are you in an upset condition now?

Mr. COHEN. No.

Mr. HALLEY. Fine.

Senator TOBEY. You have had many attempts on your life?

Mr. COHEN. I have had possibly five, Senator.



Senator TOBEY. Do you live in constant fear of another attack on your life?

Mr. COHEN. I think so; yes, sir.

Mr. HALLEY. Why should anyone want to kill you?

Mr. COHEN. I would like to find that reason out myself.

Mr. HALLEY. You must have some theory. That is one of the things that this committee is very interested in.

Mr. COHEN. You are answering the question again. I have no theory. I spent thousands of dollars trying to find out.

Mr. HALLEY. I am urging you, as a citizen, to help this committee find out why people are trying to kill you.

Mr. COHEN. I wish I could help. Maybe not for myself, but I would like to help for my family.

Mr. HALLEY. Do you have any idea at all?

Mr. COHEN. No idea. Well, many a thought has run through my mind at different times, but they were just thoughts a person would have about different things that there is no basis for them.

Mr. HALLEY. Have you ever had a business transaction with anybody who might, as a result of that, want to make an attempt on your life?

Mr. COHEN. That is what makes it so hard. I can't picture anybody that I have had any business dealings with that would go to that extreme.

Senator WILEY. Are all these people you have borrowed money from, that you haven't paid back, are they all still friends of yours?

Mr. COHEN. My very best. I could possibly call on them for more help if I need it.

Senator WILEY. With your background that you have had in different cities, and your knowledge of gangsterdom, you certainly have some idea who is trying to kill you and some reason for it?

Mr. COHEN. I give you my word of honor, as a man, that I haven't the slightest idea that there is any basis for it. I have been pretty good to a lot of people and it is hard to figure out. That is what makes this thing so tough. I have spent thousands upon thousands of dollars trying to get information. I have sent people throughout the country. I spent borrowed money trying to find out.

Senator WILEY. Who did you send and where did you send them?

Mr. COHEN. I have sent an investigator by the name of—I can't think of his name right offhand.

Senator WILEY. To whom did you send him?

Mr. COHEN. Just to different places to see if he could pick up any information.

Senator WILEY. Can't you make it more concrete? You probably knew or had an idea.

Mr. COHEN. I sent him to different cities to see if he could pick up some information, and to see if he could pick anything up. I have been in a quandry about this thing. He is an investigator licensed by the State.

The CHAIRMAN. Let's call him Mr. X.

Mr. COHEN. Probably one of the newspapermen knows who he is.

Mr. STRONG. We will supply it in a letter to the committee.

Senator WILEY. What caused you to send him, to send Mr. X, to certain cities, and what cities, and what particular agency or group or gang did you send him to?

Mr. COHEN. He sold me a bill of goods that he may be able to find something out. That is his business. He was an investigator. I was anxious enough to take the chance that maybe something would come out.

The CHAIRMAN. Was it Mr. Ruditsky?

Mr. COHEN. No, sir.

The CHAIRMAN. How much did you pay him, do you remember?

Mr. COHEN. I can't remember; it was different sums.

The CHAIRMAN. To what cities did you send him?

Mr. COHEN. He was on his own really. He sold me a bill of goods that he could find some information out and he went ahead on his own.

The CHAIRMAN. Then you must have thought it was somebody in cities other than Los Angeles, people in other cities that were trying to kill you?

Mr. COHEN. I was just trying to find out, Senator.

The CHAIRMAN. Why did you send him out of Los Angeles? Did you fear someone outside of Los Angeles?

Mr. COHEN. We wouldn't get no information here. We were just blundering around trying to get some kind of information.

The CHAIRMAN. All the attacks on your life——

Mr. COHEN. I must have answered a couple of hundred calls from different people, absolute strangers to me.

The CHAIRMAN. Haven't all of the attempts or attacks on your life, attempts on your life, been made in Los Angeles?

Mr. COHEN. Yes, sir, Senator; they have been.

The CHAIRMAN. Why would you send somebody outside of Los Angeles to find out who it was?

Mr. COHEN. Just trying to piece something together.

The CHAIRMAN. Did you send him to New York or Chicago?

Mr. COHEN. He was on his own; he went to different cities. He sold me a bill of goods.

Senator WILEY. You used an expression "piece something together." Piece what together?

Mr. COHEN. Who was doing the shooting or making the attempts of my life.

Senator WILEY. Didn't you have in mind piecing something together that, perhaps, he could find out that some gang or some gangsters representing some other gang was muscling in on your business?

Mr. COHEN. No. It couldn't come to my mind, Senator, because I haven't been in connection with any so-called gangs whatsoever.

Senator WILEY. I didn't say you had been. I thought perhaps, someone was trying to muscle in on your business.

Mr. COHEN. That has been suggested to me, but I have nothing that anybody could muscle away from me. I have no gambling places operating. I have no books operating. There is nothing like the numbers business in this part of the country, like in other parts of the country. I have nothing that anybody would be interested in taking away.

Senator WILEY. I was interested in some of the preliminary statements or questions that were being asked when I came in, to the effect that you borrowed money without even giving a note.

Mr. COHEN. That is true, in most of the cases.

Senator WILEY. Was that to a State bank or to a national bank?

Mr. COHEN. To a president of a bank, a high-class man.

Senator WILEY. A loan just between individuals and not between you and the institution?

Mr. COHEN. Just between him and I. He loaned me his own personal money.

Senator WILEY. You haven't paid that back yet?

Mr. COHEN. No, sir.

Senator WILEY. How much was that?

Mr. COHEN. \$35,000. I still borrow a thousand now and then and pay him back and then borrow more.

Senator WILEY. How many years ago was the \$35,000 borrowed?

Mr. COHEN. It wasn't all in one sum, but it is in the record here.

Senator WILEY. Do you know if he borrowed the money from the bank in order to pay you or loan it to you?

Mr. COHEN. I don't think so; not this man. He is a very fine man. He just happens to like me.

The CHAIRMAN. Do you pay these people interest?

Mr. COHEN. No, sir. He has been questioned by the Internal Revenue Department.

The CHAIRMAN. That is not the question. Do you pay these people interest on the money you borrow?

Mr. COHEN. I do not pay them interest.

The CHAIRMAN. Do they ask for any interest?

Mr. COHEN. No, sir.

The CHAIRMAN. What do you do for them that makes them so generous with you?

Mr. COHEN. I can't answer that; they must just like me.

The CHAIRMAN. How do they get to know you so well? It is quite a charm to be able to borrow \$35,000 with no note, no interest and no record.

Mr. COHEN. But that happens to be the fact, Senator.

The CHAIRMAN. Do you keep any record of it anywhere?

Mr. COHEN. With my accountant.

The CHAIRMAN. You just call him up and say, "I borrowed \$35,000 from Mr. Brown"?

Mr. COHEN. That is right.

The CHAIRMAN. Do you write Mr. Brown about it; do you exchange letters about it?

Mr. COHEN. No. I just borrowed \$13,000 from a fellow that owns some supermarkets in the city.

The CHAIRMAN. Who is that?

Mr. COHEN. A man by the name of Klishka. The Bureau of Internal Revenue has investigated him. He gave me his card and I marked \$13,000 taken off of him, and the date, and give it to my accountant.

The CHAIRMAN. Do these people give you the money in a check?

Mr. COHEN. Some of them, Senator.

The CHAIRMAN. How about this \$35,000 from Mr. Brown, the president of the bank, was that in a check?

Mr. COHEN. Cash.

The CHAIRMAN. You just went up there and got it?

Mr. COHEN. It was different loans, Senator; \$15,000 and \$20,000 and different loans. He didn't give it all to me at one time.



The CHAIRMAN. He was just passing around money without any record at all as to how much it was?

Mr. COHEN. That is right.

Senator WILEY. Did you ever have any stock in this market organization that you have referred to?

Mr. COHEN. No; I did not.

The CHAIRMAN. Proceed, Mr. Halley.

Mr. HALLEY. You did have some income in 1949, didn't you.

Mr. COHEN. If it is on the record there; I don't know.

Mr. HALLEY. It shows about \$15,000, of which \$10,000 you just put down as "various commissions."

Mr. COHEN. Yes.

Mr. HALLEY. Would you tell the committee what the various commissions were?

Mr. COHEN. On bets that I won and bets that I move for people.

Mr. HALLEY. Do you still handle bets for people?

Mr. COHEN. No; I haven't been able to. I have got cops that put me to sleep and wake me up in the morning. If I wanted to I wouldn't be able to.

Mr. HALLEY. When did you last handle bets?

Mr. COHEN. I imagine around 3½ or 4 years ago.

Mr. HALLEY. Have you had no business whatsoever in the last 3½ or 4 years.

Mr. COHEN. I made one bet on the world series, which I won, which I took a piece of some other person. He made a good-sized bet and he liked real good and he is a pretty good handicapper with baseball and he advised me to take a piece of his action and I win that bet. I win another football bet, which this person is a pretty good handicapper on football, and advised me to take a piece of his action and I took a piece of it.

Mr. HALLEY. You had a series of transactions with a man named O'Rourke in West Palm Beach?

Mr. COHEN. That is right.

Mr. HALLEY. You won quite a bit of money from him?

Mr. COHEN. I didn't.

Mr. HALLEY. Were you handling those bets for yourself or for others?

Mr. COHEN. Some for myself and some for others.

Mr. HALLEY. How much for yourself and how much for others?

Mr. COHEN. I have no way of answering it. It is on the record. It is in the record the whole amounts that I reported.

Mr. HALLEY. Who were your customers whose bets you were forwarding on?

Mr. COHEN. They were not my customers. You couldn't call them customers. Say, if a man had a very good tip on a horse and he wanted to move \$10,000 or \$5,000 or \$3,500 or whatever the amount happened to be, I had outs to move this money so he would give me a slice of the bet if I would move it, if I would get him on. There was a time then, and I understand right now it is pretty hard to get on for a pretty substantial amount of money.

Mr. HALLEY. O'Rourke has talked about some \$100, \$200, \$300, and \$500 daily series of bets and after about 6 months you were \$50,000 or \$60,000 ahead of him.



Mr. COHEN. I wasn't the winner.

Mr. HALLEY. Who were the winners?

Mr. COHEN. Neddie Herbert would take a slice of it.

Mr. HALLEY. Can you name anybody who is still alive?

Mr. COHEN. I don't know; 20 different people used to come in and out to take a piece of action.

Mr. HALLEY. Your mode of earning a living is very mysterious. Let's go back to last year. You have listed \$10,000 in commissions. Will you give the committee some detail about that?

Mr. COHEN. I told you on some bets that I won.

Mr. HALLEY. Who did you win them from?

Mr. COHEN. Who did I win the particular bets from?

Mr. HALLEY. Yes.

Mr. COHEN. I won a few bets from a fellow by the name of Harry Burns.

Mr. HALLEY. Who is he and where does he live?

Mr. COHEN. He lives in Ohio.

Mr. HALLEY. Where in Ohio?

Mr. COHEN. I don't know his exact address offhand. I have got it home.

Mr. HALLEY. Where was he when you made the bets with him?

Mr. COHEN. It is hard to say. I just won a bet with him in Houston, Tex., on a football game 3 or 4 weeks ago.

Mr. HALLEY. How much was that?

Mr. COHEN. Three thousand five hundred dollars.

Mr. HALLEY. Has he paid you yet?

Mr. COHEN. Yes; he sent me the money.

Mr. HALLEY. When did he send it to you?

Mr. COHEN. About 3 or 4 weeks ago. I called it in to Mr. Sackman. It came through Western Union.

Mr. HALLEY. Have you won any other money in recent weeks?

Mr. COHEN. Oh, yes, \$500; \$500 just 2 weeks ago. We won on a bet, on two teams; I don't remember the two teams.

Mr. HALLEY. Any other winnings recently?

Mr. COHEN. No.

Mr. HALLEY. Any losses?

Mr. COHEN. No.

Mr. HALLEY. I am wondering why you were broke on November 4, when you borrowed that money from Eddie Borden?

Mr. COHEN. Wondering why I was broke?

Mr. HALLEY. You had just won \$500 and \$3,500 shortly before that, you said.

Mr. COHEN. I am trying to catch up with myself. Sometimes I run into somebody that I owe some money to and I give them \$200 or \$300 or \$500. I don't know why I am broke. I have been broke 50 or 100 times.

Mr. HALLEY. You are not trying to catch up with yourself by economizing?

Mr. COHEN. The best I know how.

Mr. HALLEY. You have two bodyguards at your house?

Mr. COHEN. That is right.

Mr. HALLEY. Do you have any servants?

Mr. COHEN. One.

Mr. HALLEY. Do you have a gardener?

Mr. COHEN. Yes.

Mr. HALLEY. That makes two; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. Do you have a chauffeur?

Mr. COHEN. No.

Mr. HALLEY. A cook?

Mr. COHEN. No, sir.

Mr. HALLEY. How many automobiles do you and your wife own?

Mr. COHEN. We really don't own any of them. They are really both owned by the Hollywood State Bank.

Mr. HALLEY. How many do you drive?

Mr. COHEN. I drive one and she drives one.

Mr. HALLEY. What type of automobiles are they?

Mr. COHEN. Cadillacs.

Mr. HALLEY. Then you have this \$16,000 armored car?

Mr. COHEN. That is right.

Mr. HALLEY. Have you traveled a considerable amount in 1950?

Mr. COHEN. Somewhat; not a considerable amount.

Mr. HALLEY. In what States have you been in in 1950?

Mr. COHEN. In 1950?

Mr. HALLEY. Yes.

Mr. COHEN. I went from here to Chicago and then to Texas.

Mr. HALLEY. Who did you see in Chicago?

Mr. COHEN. Jack Kearns.

Mr. HALLEY. Who else did you see?

Mr. COHEN. My brother.

Mr. HALLEY. Who else?

Mr. COHEN. A fellow named Harold Miller. I seen a lot of people.

Mr. HALLEY. Did you talk business with anybody in Chicago?

Mr. COHEN. No business spoken at all.

Mr. HALLEY. Where else did you go on this trip?

Mr. COHEN. After I left Chicago?

Mr. HALLEY. Yes.

Mr. COHEN. Home.

Mr. HALLEY. Did you go to Texas?

Mr. COHEN. I came home; this was a separate trip to Texas.

Mr. HALLEY. Did you make any stops on the way to Texas?

Mr. COHEN. Just on the plane to get to where I was going to.

Mr. HALLEY. Did you go to St. Louis this year?

Mr. COHEN. Yes.

Mr. HALLEY. Who did you see there?

Mr. COHEN. A fellow by the name of Ben Greenberg.

Mr. HALLEY. What was your business with Greenberg?

Mr. COHEN. Nothing. He is a fellow who knows me since I am 16 or 17 years of age. He is a fight promoter.

Mr. HALLEY. Do you have any business with Irving Glasser?

Mr. COHEN. Irving Glasser?

Mr. HALLEY. Yes.

Mr. COHEN. He has wrote a lot of bonds for me.

Mr. HALLEY. Have you had any other business with him?

Mr. COHEN. None whatsoever.

Mr. HALLEY. Have you had any interest in his card games?

Mr. COHEN. I don't know if he has any.

Mr. HALLEY. Do you know what the Dincara Stock Farm is?

Mr. COHEN. Yes, sir.

Mr. HALLEY. What is it?

Mr. COHEN. It was a place that there was some gambling going on there.

Mr. HALLEY. Did you have a part of that?

Mr. COHEN. At one time I had a piece of it; yes.

Mr. HALLEY. How long ago?

Mr. COHEN. I think around 5 or 6 years ago.

Mr. HALLEY. Have you had any gambling places more recently?

Mr. COHEN. No.

Mr. HALLEY. Didn't you have a couple in Burbank?

Mr. COHEN. No, sir.

Mr. HALLEY. Didn't you have one at 141½ North La Brea in Burbank?

Mr. COHEN. That is not Burbank.

Mr. HALLEY. What is it?

Mr. COHEN. Los Angeles City.

Mr. HALLEY. Did you have a gambling place there?

Mr. COHEN. Yes, but that is longer than 4 or 6 years ago.

Mr. HALLEY. You had it as recently as 1947, did you not?

Mr. COHEN. No, sir.

Mr. HALLEY. Are you sure of that?

Mr. COHEN. I am almost sure it was before then. Whatever it is, I did have a place on La Brea at that address you said there.

Mr. HALLEY. It was a gambling place, was it not?

Mr. COHEN. Not exactly a gambling place; it was a place where there was some action there at different times.

Mr. HALLEY. Why do you say "some action"? There was a crap game there, wasn't there?

Mr. COHEN. At different times. A gambling place has crap games every night.

Mr. HALLEY. How often did you have crap games?

Mr. COHEN. Whenever people formed there that wanted to shoot craps.

Mr. HALLEY. How often did that happen?

Mr. COHEN. Maybe once every couple of weeks.

Mr. HALLEY. Or maybe once or twice a week?

Mr. COHEN. Sometimes.

Mr. HALLEY. Week ends, generally?

Mr. COHEN. Saturday night there was usually a game; yes.

Mr. HALLEY. How about 806 Mariposa in Burbank?

Mr. COHEN. I don't know the address.

Mr. HALLEY. You don't know that address?

Mr. COHEN. 806 Mariposa?

Mr. HALLEY. In addition to the North La Brea address didn't you have another gambling place?

Mr. COHEN. I had a piece of the Dincara.

Mr. HALLEY. You had a piece of the Dincara. Is that the address of the Dincara?

Mr. COHEN. Well, is that the address of the Dincara?

Mr. HALLEY. I don't know; you tell me.

Mr. COHEN. I don't know the exact address.

Mr. HALLEY. You had a piece of the Dincara?

Mr. COHEN. That is right.

Mr. HALLEY. With whom did you have that?

Mr. COHEN. There were some people involved with it that I don't know. At different times I would have a different piece; a fellow by the name of Mooney Einstat, I think.

Mr. HALLEY. Did Captain Guasti have a piece of it?

Mr. COHEN. I don't know him.

Mr. HALLEY. You have never seen him?

Mr. COHEN. One time he brought me in for interrogation on some kind of a beef.

Mr. HALLEY. Do you know whether or not Captain Guasti had a piece of the Dincara?

Mr. COHEN. Captain Guasti?

Mr. HALLEY. Yes.

Mr. COHEN. I don't know any policemen that would have a piece of a gambling house that I would know of.

Senator TOBEY. When you would have a piece of these things, what evidence of equity did you have? You say that you had a piece. Did you get a piece of paper showing a fifth interest or showing whatever your interest might be?

Mr. COHEN. It is not done that way, Senator.

Senator TOBEY. What represents your equity in case you died?

Mr. COHEN. It is not handled that way, Senator.

Senator TOBEY. How is it handled?

Mr. COHEN. People in the gambling business, it is just your O. K.; you are just O. K. and they are O. K.; no papers at all.

Senator TOBEY. What establishes a one-tenth or a one-twentieth interest in a place? What establishes that?

Mr. COHEN. You may just have a piece of it.

Senator TOBEY. How do you have a piece of it if you have nothing to show for it?

Mr. COHEN. That is the way they do business in that business.

Senator TOBEY. In this business that you are in, you get an equity by putting some money in and you have nothing to show for it but that you are some money out?

Mr. COHEN. That is right, Senator.

Senator TOBEY. The other thing is, when you borrow money you give no evidence of the debt at all, and the fellow has no evidence of it?

Mr. COHEN. They say that truth is sometimes stranger than fiction, Senator. If you talked to anybody in the gambling business they would tell you the same thing; that is the way it is. I have done business with people over the telephone that I have never even met. I have talked to them 15 or 20 times a day.

The CHAIRMAN. How do you keep your records to pay your income tax? Do you keep records yourself?

Mr. COHEN. Some records, until I give it to my accountant, and pay everything.

The CHAIRMAN. Then you tear it up, whatever record you might have?

Mr. COHEN. After I give it to my accountant.

The CHAIRMAN. You have it written on a piece of paper, how much you won, and it is just your word for it?



Mr. COHEN. Yes; if at the end of that month I have won a certain amount of money I tell the accountant; if I have lost I tell the accountant.

The CHAIRMAN. You don't specify who you do business with or who you won it from or what sort of gambling transaction it was; you just say you won \$10,000 or you lost so much?

Mr. COHEN. Your business transactions sometimes change. You may be at an office for 5 or 6 consecutive days, and they will say, "We pass your business," or something like that. Then you look for another out.

Senator TOBEY. When you take a piece, say like the Dincara, what would you call a piece? Do you mean 5 or 10 percent?

Mr. COHEN. I think I had, Senator, 10 percent in that.

Senator TOBEY. There was a meeting of the minds, and you had 10 percent in the Dincara. Now what have you got to show that the fellows who promoted the Dincara hadn't sold 1,000 10-percent pieces in the place?

Mr. COHEN. Nothing but the person's word?

Senator TOBEY. Have you ever found yourself double crossed on a deal like that?

Mr. COHEN. I thought so at different times, but I have never known for sure.

Mr. HALLEY. What other business have you had in the last 5 years?

Mr. COHEN. In the last 5 years I have had a haberdashery store, a jewelry store, and a tailoring establishment.

Mr. HALLEY. Did you have any partners in any of these?

Mr. COHEN. I have done some gambling in the last 5 years—some betting.

Mr. HALLEY. Who were your partners in these various enterprises?

Mr. COHEN. Neddie Herbert was one of my partners.

Mr. HALLEY. In what enterprise?

Mr. COHEN. When we were betting and laying. Sometimes we would lay a horse or bet a horse. He had a piece of me; he was a partner.

Mr. HALLEY. Did you have any partners in your haberdashery?

Mr. COHEN. No, sir.

Mr. HALLEY. Did you have any partners in your retail store, the jewelry store?

Mr. COHEN. Yes.

Mr. HALLEY. Who were your partners there?

Mr. COHEN. Meltzer and Stompanato. Stompanato took a piece of my end.

Mr. HALLEY. You had Stompanato and Meltzer both; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. Is that the Courtley Jewelers?

Mr. COHEN. Yes.

Mr. HALLEY. Was Glasser a partner in that?

Mr. COHEN. No. He originally had something to do with it. He originally was in on it; but he never put no money up in it or anything like that.

Mr. HALLEY. What other businesses did you have?

Mr. COHEN. None other than those I have mentioned; nothing that I can recall.

Mr. HALLEY. Did you ever have any part of the Jim Dandy Meat Markets?

Mr. COHEN. No, sir.

Mr. HALLEY. At no time?

Mr. COHEN. That is a rumor that goes around and it is absolutely untrue.

Mr. HALLEY. Either directly or indirectly?

Mr. COHEN. The man with the Jim Dandy Markets, a fellow by the name of Charles Schuester, was a partner with me when I managed some prizefighters. So everybody got the impression that I had a piece of his markets, which was untrue.

Mr. HALLEY. What other businesses have you had?

Mr. COHEN. I can't think of any others.

Mr. HALLEY. When were you last in the fight-managing business?

Mr. COHEN. I don't know. It would be on there, on the record. I think it was 5 or 6 years ago.

Mr. HALLEY. About 5 or 6 years ago?

Mr. COHEN. I think so.

Mr. HALLEY. Who did you manage?

Mr. COHEN. Willie Joyce.

Mr. HALLEY. Anyone else?

Mr. COHEN. No; that is about the only one. I was supposed to have pieces of other fighters, but it never worked out. He is the only one I really managed. I had another fighter in Chicago.

Mr. HALLEY. What was his name?

Mr. COHEN. A little Filipino fellow named Manriquez, I think was his name.

Mr. HALLEY. Manriquez?

Mr. COHEN. Yes.

Mr. HALLEY. Did you have a piece of any other fighters?

Mr. COHEN. I had another fighter in Chicago but I can't think of his name. I can give you the name.

Mr. HALLEY. Did you have any relationship with Blinky Palermo in Philadelphia?

Mr. COHEN. We fought his champion a few times.

Mr. HALLEY. You mean Ike Williams?

Mr. COHEN. That is right.

Mr. HALLEY. Didn't you have a piece of Ike Williams?

Mr. COHEN. That is another rumor that people talk about, but it isn't so.

Mr. HALLEY. Didn't you pay Williams' traveling expenses for several fights?

Mr. COHEN. I did not.

Mr. HALLEY. At no time?

Mr. COHEN. I may have had a connection to get him tickets at certain times, but I got the money back.

Mr. HALLEY. You never laid out any money for tickets?

Mr. COHEN. I may have laid out money for tickets but received it back from his manager.

Mr. HALLEY. You never charged it as a disbursement in your books?

Mr. COHEN. No, sir.

Mr. HALLEY. It is your position you never represented Ike Williams at any time?

Mr. COHEN. I represented him as a friend from one manager to the other.

Mr. HALLEY. What did you do for Williams as a friend?

Mr. COHEN. When he would come out here, his manager may be at different fights, and would not get out until 4 or 5 days previous to the time that he was to fight, and he would ask me to look out for him.

Mr. HALLEY. His manager was who?

Mr. COHEN. Blinky Palermo.

Mr. HALLEY. Is he a good friend of yours?

Mr. COHEN. Yes.

Mr. HALLEY. At his request you would substitute for him when Ike Williams came here?

Mr. COHEN. They do that in the fight game; it is nothing unusual in the fight game.

Mr. HALLEY. Did you arrange any fights for Ike Williams?

Mr. COHEN. I was instrumental in a fight for Ike Williams.

Mr. HALLEY. What fight was that?

Mr. COHEN. The Bolanos fight.

Mr. HALLEY. In what way were you instrumental?

Mr. COHEN. Just helping my friend Babe McCoy make the match.

Mr. HALLEY. Did you get paid anything for that?

Mr. COHEN. Not 5 cents; it probably cost me a few dollars.

Mr. HALLEY. But you acted as an intermediary?

Mr. COHEN. That is right.

Mr. HALLEY. Did you act as manager for anyone else?

Mr. COHEN. There was one other fellow in Chicago, but I can't think of his name. I can get you his name, though.

Mr. HALLEY. Would you please?

Mr. COHEN. Yes. Do you want me to get the name?

Mr. HALLEY. Yes.

Mr. COHEN. All right.

Mr. HALLEY. Have you ever acted in any capacity for the Retail Clerks' Union?

Mr. COHEN. For the union?

Mr. HALLEY. Yes.

Mr. COHEN. No, sir.

Mr. HALLEY. Have you ever received any money from the union?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know any officers of the union?

Mr. COHEN. I don't think so. The Retail Clerks' Union?

Mr. HALLEY. Yes.

Mr. COHEN. I possibly may; I don't know. If you can recall a name to me I may know someone.

Mr. HALLEY. Have you received a payment from that union or from any other union?

Mr. COHEN. Not a nickel.

Mr. HALLEY. At no time?

Mr. COHEN. At no time.

Mr. HALLEY. Going over your activities, it appears that you have been able to borrow \$300,000 in the last 5 years; is that right?

Mr. COHEN. Yes.

Mr. HALLEY. And that you say you live quite extravagantly; is that right?

Mr. COHEN. That is right; yes. Maybe too extravagantly; that is probably right.

Mr. HALLEY. And that you have been surrounded by violence?

Mr. COHEN. That is right.

Mr. HALLEY. That six of your close friends have either been killed or disappeared?

Mr. COHEN. Six? I don't know of six that have disappeared.

Mr. HALLEY. Neddie Herbert.

Mr. COHEN. Yes.

Mr. HALLEY. Rothman?

Mr. COHEN. That is right.

Mr. HALLEY. Bugsy Siegel?

Mr. COHEN. That is right.

Mr. HALLEY. Frank Niccoli?

Mr. COHEN. That is right.

Mr. HALLEY. Dave O'gul?

Mr. COHEN. That is right.

Mr. HALLEY. Who is the one that was wounded?

Mr. COHEN. Jimmy Rist.

Mr. HALLEY. Jimmy Rist?

Mr. COHEN. Yes.

Mr. HALLEY. And you have had five attempts on your life?

Mr. COHEN. Five, I think, is the correct amount. I think five is right; yes.

Mr. HALLEY. On various occasions you have settled arguments with people by means which resulted in your being brought before the court on charges of assault; is that right?

Mr. COHEN. I don't understand the question.

Mr. HALLEY. You have been a strong-arm man; you have beaten people up; is that right?

Mr. COHEN. Is that what you say or are you asking me the question?

Mr. HALLEY. I am asking you.

Mr. COHEN. I have never been a strong-arm man for nobody. I have never bulldozed anybody in my life.

The CHAIRMAN. The question is whether you have beaten people up or not.

Mr. COHEN. I have had fights, but no beating up or strong-arming. Senator, can I answer my own questions? I don't have to have him answer my questions for me.

Mr. HALLEY. You had a fight with Shaman?

Mr. COHEN. That is right.

Mr. HALLEY. And you had a fight with Brophy?

Mr. COHEN. That is right.

Mr. HALLEY. And your very close friends, at least, beat up Pearson; is that right?

Mr. COHEN. They were acquitted by 12 citizens of this State. Does that say to you they still beat them up?

Mr. HALLEY. You can just answer the question, if you will.

Mr. COHEN. You say they were beaten up. Twelve citizens acquitted them.

The CHAIRMAN. He asked you if that was true or not.

Mr. COHEN. I don't like the way he is asking me the questions. He is asking me the questions like that is the truth.



The CHAIRMAN. You are not asked to pass on whether you like the way he asks questions or not. You can answer them either one way or another.

Mr. COHEN. With all my respect to you, Senator, I am still a citizen. I have never officially been convicted of a felony and I have some rights. That man is not asking me questions. He is answering them the way he wants.

The CHAIRMAN. He asked you a question and asked you whether it is right.

Mr. COHEN. There are two ways of asking a question and I say this man is not asking them right, and I resent it. You ask me the question and I will answer it.

The CHAIRMAN. Just a minute; just a minute, please.

Mr. COHEN. And there isn't one question that I haven't answered that isn't 100 percent the truth.

The CHAIRMAN. Please don't argue with counsel. If you don't want to answer his questions just say so. You answer them when he asks the questions the best you know how. Tell us what you know, and if you don't know anything about it then so state.

Mr. COHEN. I say I haven't answered one question here that isn't, to my knowledge, 100 percent the truth. This man would like to have you believe just one side.

The CHAIRMAN. I have told you to answer the question if you know the answer and if you don't know the answer say you don't know.

Mr. HALLEY. The question is whether or not your very close friends didn't beat up Pearson?

Mr. COHEN. Is he going to answer those questions for me, Senator?

The CHAIRMAN. Counsel, instruct him to answer the question or to say he doesn't know the answer and let's go ahead.

Mr. HALLEY. The question is: didn't your very close friends beat up Pearson?

Mr. COHEN. I say they didn't beat up Pearson, but that they were acquitted.

Mr. HALLEY. I am not asking you if they were acquitted. I am asking you if you know.

Mr. COHEN. I don't know.

Mr. HALLEY. That is an answer. Now, you are in fear of your life; is that right?

Mr. COHEN. Somewhat, yes.

Mr. HALLEY. And you have been surrounded by violence; is that right?

Mr. COHEN. What do you mean, that I am surrounded by violence? What do you mean, that I am surrounded by violence? I have not murdered anybody; all the shooting has been done at me. What do you mean, I am surrounded by violence, because people are shooting at me, that is the way it is. What do you want me to do about it?

The CHAIRMAN. Just a minute, Mr. Cohen. Let me put it another way.

Mr. COHEN. People are shooting at me and he is asking me if I am surrounded by violence.

The CHAIRMAN. When I am speaking or when counsel is speaking, please listen until we are finished.

Mr. COHEN. I am sorry, Senator.

The CHAIRMAN. The question was whether you were surrounded or in an atmosphere of violence; that is, whether you were surrounded by fights and shootings and what not. That is what the question is.

Answer it if you can and if you can't, so state.

Mr. STRONG. I think the witness' objection is to the conclusion, in the summarization by counsel for the committee. He has all the facts, and now he is just repeating them. If he wants to give conclusions by way of summarizations—

The CHAIRMAN. The witness can state whether it is right or not.

Mr. HALLEY. Mr. Cohen, I asked you and I will ask you once again, whether your life has, in the last 5 years been one surrounded by violence?

Mr. STRONG. I would like to object to the question. It has been asked three times. I don't see where any useful purpose is being made here by having such a statement like that.

The CHAIRMAN. Just a minute, counsel. Mr. Cohen, let me put the question another way. During the past 5 years have you from time to time been in fear of your life and have you had acts of violence carried on around you?

Mr. COHEN. Yes, Senator; that is right, but I haven't done anything violent.

The CHAIRMAN. We understand your position.

Mr. COHEN. The way he puts it I am the one that is violent.

The CHAIRMAN. You will have ample time to make your explanations.

Mr. HALLEY. At least on one occasion you were convicted of an act of violence; were you not? How about Brophy?

Mr. COHEN. It was only a personal fight. Every man has had a fist fight, especially when he was a kid.

Mr. HALLEY. You don't consider that an act of violence?

Mr. COHEN. Positively not. It was a personal grievance between Brophy and myself.

Mr. HALLEY. Was Brophy convicted?

Mr. COHEN. I don't know.

Mr. HALLEY. He went to the hospital?

Mr. COHEN. That is what I was told. I never took him to the hospital.

Mr. HALLEY. The grievance was over a matter of money?

Mr. COHEN. That is what you say.

Mr. HALLEY. That is what you testified to.

Mr. COHEN. I don't know what the grievance was; I don't remember it.

Mr. HALLEY. You testified to it a while ago.

Mr. COHEN. I couldn't truthfully tell you what the argument was about.

Mr. HALLEY. You testified some time back that the argument was because he wouldn't give you wire service.

Mr. COHEN. Is that money?

Mr. HALLEY. Wire service is worth money to a bookmaker.

Mr. COHEN. You just got through saying money.

Mr. HALLEY. I said a matter of money.

Mr. COHEN. You said money. In other words, you are trying to give the impression that we had an argument.

Mr. HALLEY. There is no point in your trying to weasel, weaseling out of the answer.

Mr. COHEN. I object to the way the man is questioning me.

The CHAIRMAN. Mr. Cohen, will you be still a moment? He is asking you whether that matter was in connection with money or business, whether it grew out of some business transaction, and you have already testified about it.

Mr. COHEN. Let me ask you this, Senator: How come it is easy for you to put the question in the right way and when he puts it he puts it how he wants to?

The CHAIRMAN. We are doing all right, if you will just answer the questions, Mr. Cohen.

Mr. HALLEY. You have had associations in other cities with various people, have you not, during your travels?

Mr. COHEN. You mean do I have friends throughout the country?

Mr. HALLEY. Yes.

Mr. COHEN. Numerous friends.

Mr. HALLEY. In New York, for instance, do you count Joe Adonis among your friends?

Mr. COHEN. I don't know the man and have never seen him in my life.

Mr. HALLEY. You have never met him?

Mr. COHEN. No.

Mr. HALLEY. Do you know Frank Costello?

Mr. COHEN. No.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. COHEN. No.

Mr. HALLEY. Have you ever met him?

Mr. COHEN. No.

Mr. HALLEY. Have you ever met Jack Lansky?

Mr. COHEN. I did not.

Mr. HALLEY. Have you ever met Phil Kastel?

Mr. COHEN. Never.

Mr. HALLEY. Never in your life?

Mr. COHEN. No.

Mr. HALLEY. Have you ever met Charley Fischetti?

Mr. COHEN. Charley Fischetti, I don't know; I possibly have met him.

Mr. HALLEY. Have you ever had any business relations with him?

Mr. COHEN. Nothing whatsoever. There are a few Fischettis and I don't know which one is Charley.

Mr. HALLEY. Do you know Rocco Fischetti?

Mr. COHEN. I just got through telling you I don't know which is which.

Mr. HALLEY. But you know one of the Fischettis?

Mr. COHEN. I was living in Chicago but I never really met them.

Mr. HALLEY. Did you know Paul Ricca?

Mr. COHEN. No.

Mr. HALLEY. Do you know "Little New York" Campagna?

Mr. COHEN. No.

Mr. HALLEY. Do you know Ralph Capone?

Mr. COHEN. No.

Mr. HALLEY. Do you know Irving Sherman?

Mr. COHEN. Irving Sherman?

Mr. HALLEY. Yes.

Mr. COHEN. The name sounds familiar. I don't know if I know him or not.

Mr. HALLEY. Do you know Murray Humphreys?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Tom Kelly?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Lester Cruz?

Mr. COHEN. No, sir.

Mr. HALLEY. Did you know Moe Annenberg?

Mr. COHEN. No.

Mr. HALLEY. Do you know James Ragen?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Frank Nitti?

Mr. COHEN. No.

Mr. HALLEY. Do you know Phil D'Andrea?

Mr. COHEN. No.

Mr. HALLEY. Do you know John Rosselli?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Have you had business dealings with him?

Mr. COHEN. None whatsoever.

Mr. HALLEY. Do you know Fred Evans?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Frank Milano?

Mr. COHEN. Frank Milano I met on one occasion.

Mr. HALLEY. Do you know his brother, Anthony Milano?

Mr. COHEN. Very well.

Mr. HALLEY. Have you had business dealings with him?

Mr. COHEN. No—yes, let me see if I can say "business." You couldn't really say it was even business.

Mr. HALLEY. Have you ever been in business with Milano, in any kind of a business?

Mr. COHEN. No.

Mr. HALLEY. What was it that you were referring to?

Mr. COHEN. I borrowed some money from him for a business at one time. I told him if I would do any good I would try to help him. He said, "I want no part of it."

Mr. HALLEY. Was it for a gambling business?

Mr. COHEN. For a business that I went into in Las Vegas, Nev.

Mr. HALLEY. What business was that?

Mr. COHEN. A gambling casino.

Mr. HALLEY. In Las Vegas?

Mr. COHEN. Yes, the Monte Carlo.

Mr. HALLEY. The Monte Carlo?

Mr. COHEN. That is right.

Mr. HALLEY. Do you know "Big Al" Polizzi?

Mr. COHEN. I met him; just a nodding acquaintance.

Mr. HALLEY. Do you know Dominic Farensheni?

Mr. COHEN. Very well.

Mr. HALLEY. He is a close associate of yours?

Mr. COHEN. Very close.



Mr. HALLEY. Was he just recently convicted under the Federal law for the possession of a machine gun?

Mr. COHEN. Yes, he was.

Mr. HALLEY. Have you had any business relations with Farensheni?

Mr. COHEN. No business at all. I have helped him out. I loaned him money at different times.

Mr. HALLEY. Does he work for you?

Mr. COHEN. No, he does not work for me. He is not able to do any work. He is a sick man and can't see.

Mr. HALLEY. Did he ever work for you?

Mr. COHEN. No, sir.

Mr. HALLEY. Does he live with you?

Mr. COHEN. No, sir.

Mr. HALLEY. But he associates with you a considerable amount?

Mr. COHEN. He is a very good friend.

Senator TOBEY. How could he use a machine gun if he didn't see?

Mr. COHEN. He never used it.

Senator TOBEY. What was it for?

Mr. COHEN. I couldn't answer that. He wasn't convicted of using it.

Senator TOBEY. He was convicted of possession?

Mr. COHEN. It will take a long time to explain it.

Senator TOBEY. Don't bother.

Mr. COHEN. There is no question about him not being able to see. He can't see in front of him, really. In fact, he is led most of the time.

Mr. HALLEY. Do you know Jimmy Utley?

Mr. COHEN. Do I know him?

Mr. HALLEY. Yes.

Mr. COHEN. Yes, sir.

Mr. HALLEY. Have you had any business dealings with him?

Mr. COHEN. No, sir.

Mr. HALLEY. I am sorry, I didn't get your answer.

Mr. COHEN. No, sir.

Mr. HALLEY. You had no business dealings with him?

Mr. COHEN. No, sir.

Mr. HALLEY. At any time?

Mr. COHEN. Outside of him buying some stuff in my store.

Mr. HALLEY. You never placed bets with him?

Mr. COHEN. None whatsoever.

Mr. HALLEY. Never invested in business with him?

Mr. COHEN. No, none whatsoever.

Mr. HALLEY. Do you know Jack Licavoli?

Mr. COHEN. No, sir.

Mr. HALLEY. Pete Licavoli?

Mr. COHEN. Pete, yes.

Mr. HALLEY. How long have you known him?

Mr. COHEN. Not very long. In fact, I have only met him one time.

Mr. HALLEY. Have you ever had any business with him?

Mr. COHEN. None whatsoever.

The CHAIRMAN. You were asked if you had any business dealings with Jimmy Utley?

Mr. COHEN. Yes, sir.

The CHAIRMAN. Does he operate in Gardena?

Mr. COHEN. Mr. Utley and I have never been in close association, Senator, and I know nothing about his business.

The CHAIRMAN. You never bought a part of an interest in a business he had?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know the King boys, George or John King from Cleveland?

Mr. COHEN. I know George, and Johnny King I know just by sight.

Mr. HALLEY. How long have you known George?

Mr. COHEN. George knows me from when I was a fighter. We were never friendly. He knew me when I was a kid around there. Johnny, I only know by sight; maybe I wouldn't remember him now.

Mr. HALLEY. Do you know Morris Klineman?

Mr. COHEN. No, sir. I know the name but that it all.

Mr. HALLEY. Do you know Lou Rothkopf?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Have you ever had business with him?

Mr. COHEN. No business whatsoever.

Mr. HALLEY. Has he ever visited you at your home?

Mr. COHEN. Very often.

Mr. HALLEY. You are good friends?

Mr. COHEN. Very good friends.

Mr. HALLEY. He is also from Cleveland?

Mr. COHEN. Yes, sir.

Mr. HALLEY. He is a gambler? He is in the gambling business, isn't he?

Mr. COHEN. I wouldn't consider him in the gambling business, not today, anyway. He may have been a gambler. I don't think he would be a gambler today. I am positive that he is not a gambler today.

Mr. HALLEY. Doesn't he own a piece of the Flamingo?

Mr. COHEN. If I had to bet I would be he doesn't.

Mr. HALLEY. Was he never in the gambling business, to your knowledge?

Mr. COHEN. Yes; he was, but I would have to bet he is not in the gambling business today.

Mr. HALLEY. Do you know that of your own knowledge or are you stating your best opinion?

Mr. COHEN. I am almost positive, that is all I can say. That is a truthful answer.

Mr. HALLEY. Do you know Moe Dalitz?

Mr. COHEN. No.

Mr. HALLEY. Do you know Joe De Carlo?

Mr. COHEN. I know Joe. I would just call it a nodding acquaintance.

Mr. HALLEY. In Kansas City, do you know Tony Gizzo?

Mr. COHEN. No.

Mr. HALLEY. Snags Klein?

Mr. COHEN. Yes, sir.

Mr. HALLEY. Have you ever had any business with Snags?

Mr. COHEN. You couldn't say it was directly with Snags. His brother, his brother and sister bought a restaurant from me. I would say no direct business with Snags at all.

Mr. HALLEY. What restaurant did they buy?

Mr. COHEN. The LaBrea Club.

Mr. HALLEY. At that time it was no longer a gambling place; is that correct?

Mr. COHEN. It was half gambling and half restaurant all the time. When they bought it they made a barbecue house out of it.

Mr. HALLEY. Do you know Charles Binaggio?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Charles Gargotta?

Mr. COHEN. No.

Mr. HALLEY. Do you know Longie Zwillman?

Mr. COHEN. No, sir.

Mr. HALLEY. Do you know Willie Moretti?

Mr. COHEN. No, sir.

Mr. HALLEY. Have you any business dealings at Medicine Park, Okla.?

Mr. COHEN. Any business dealings, no. I just have a friend that was up there, but he is not there any more.

Mr. HALLEY. Have you any business dealings today in Cleveland?

Mr. COHEN. None whatsoever.

Mr. HALLEY. In Chicago?

Mr. COHEN. No, sir.

Mr. HALLEY. In Phoenix?

Mr. COHEN. No, sir.

Mr. HALLEY. In St. Louis?

Mr. COHEN. No, sir.

Mr. HALLEY. In Las Vegas?

Mr. COHEN. No, sir.

Mr. HALLEY. In New York City?

Mr. COHEN. No, sir.

Mr. HALLEY. In Houston, Tex.?

Mr. COHEN. No, sir.

Mr. HALLEY. In Tulsa?

Mr. COHEN. No, sir.

Mr. HALLEY. In Reno, Nev.?

Mr. COHEN. No, sir.

Mr. HALLEY. You have made phone calls and received phone calls in recent months from all of those places, have you not?

Mr. COHEN. From all of those places?

Mr. HALLEY. Yes.

Mr. COHEN. No, sir; from most of them but not all of them, I don't think.

Mr. HALLEY. Which would you say you hadn't?

Mr. COHEN. I can't remember them all. I didn't receive any from Tulsa.

Mr. HALLEY. In July did you not receive a call from Tulsa?

Mr. COHEN. I don't think so, Mr. Halley.

Mr. HALLEY. Would that be the only city that is wrong on this list?

Mr. COHEN. I don't know, but I don't think it was for all of them.

Mr. HALLEY. How about Cleveland?

Mr. COHEN. Yes, I have talked back and forth with Cleveland.

Mr. HALLEY. How about Reno?

Mr. COHEN. I don't think I spoke to Reno in the last 3 or 4 or 5 months or maybe longer than that.

Mr. HALLEY. Didn't you talk to somebody at the Riverside Hotel?

Mr. COHEN. I have spoken to Reno but I haven't in the length of time you say.

Mr. HALLEY. How about in July?

Mr. COHEN. I don't think so.

Mr. HALLEY. Laura Pakin at the Riverside Hotel?

Mr. COHEN. I don't know any Laura Pakin.

Mr. HALLEY. Do other people use your telephone?

Mr. COHEN. Yes.

Mr. HALLEY. Besides you?

Mr. COHEN. Sure.

Mr. HALLEY. Who might have used your telephone?

Mr. COHEN. I couldn't answer that; I don't know that name——  
Laura Pakin.

Mr. HALLEY. Have you ever talked to Boston?

Mr. COHEN. I speak to Boston maybe two or three times out of the week.

Senator WILEY. Two or three times what?

Mr. COHEN. Out of the week.

Senator TOBEY. To whom do you speak with in Boston?

Mr. COHEN. Paladino.

Senator TOBEY. What is his business?

Mr. COHEN. He owns a night club and he sent me a little fellow to look after that is a singer, that is trying to be a singer.

Mr. HALLEY. I think you said he gives you bets too.

Mr. COHEN. Not in the last 3 years or 3½ or 4 years.

Mr. HALLEY. Who does give you the bets on which you make these commissions? We started that once before and we haven't been able to find out.

Mr. COHEN. Who does give them to me?

Mr. HALLEY. Yes.

Mr. COHEN. Who did give them to me, you mean?

Mr. HALLEY. How about 1949? You have listed \$10,000 as commissions.

Mr. COHEN. I put it down as commissions; it was bets that I won.

Mr. HALLEY. It really should be your earnings?

Mr. COHEN. I put it down as earnings.

Mr. HALLEY. On your own bets?

Mr. COHEN. If somebody made a \$5,000 bet, he may have given me \$1,000 on it. It all amounted to \$10,000 at the end of the year.

Mr. HALLEY. Why do people give you a commission on a bet they make?

Mr. COHEN. Lots of people call me and like to see me win a bet.

Mr. HALLEY. Are they the same people that like to lend you money?

Mr. COHEN. A lot of them, yes.

Mr. HALLEY. Do you have any other explanation than that your credit is good for the reason that people have, in the last 5 years, been able to and willing to loan you \$300,000?

Mr. COHEN. The Internal Revenue Department has been to every one of these people. They can find out. I haven't hid it. These people haven't denied it. There is not one person that has loaned me



money that would deny it. You don't think a bank president would put himself in the middle to say he didn't.

Mr. HALLEY. I think you said Anthony Milano is a bank president.

Mr. COHEN. I am not speaking of him.

Mr. HALLEY. He is one bank president, isn't he?

Mr. COHEN. He has a very small bank.

Mr. HALLEY. He is a bank president, isn't he?

Mr. COHEN. Yes.

Mr. HALLEY. He spent 6 years in the Federal penitentiary for counterfeiting, didn't he?

Mr. COHEN. Do you want me to tell about Anthony Milano so everybody can hear about it?

Mr. HALLEY. I want to talk about bank presidents being honorable men.

Mr. COHEN. Why, what did Mr. Brown do?

The CHAIRMAN. Do you know whether Anthony Milano is president of a bank in Cleveland that you do business with?

Mr. COHEN. No.

The CHAIRMAN. Did you say you did business with him?

Mr. COHEN. No. The man has loaned me some money.

The CHAIRMAN. He loaned you money?

Mr. COHEN. Personally, yes.

Mr. HALLEY. That is what Brown did, too?

Mr. COHEN. Yes.

The CHAIRMAN. Do you know whether he served time for counterfeiting, Anthony Milano?

Mr. COHEN. This man is a man of 60 years of age. I wouldn't have enough nerve to say to him, "Mr. Milano, have you been in the penitentiary for counterfeiting?"

The CHAIRMAN. Do you know or don't you know?

Mr. COHEN. I don't know.

Senator WILEY. Do you intend to pay all these obligations back?

Mr. COHEN. Very much so.

Senator WILEY. How are you going to pay them?

Mr. COHEN. I am trying to get into business.

Senator WILEY. What business?

Mr. COHEN. Some of these people are willing to back me further in a business in Texas if I would be able to go down there and get into some oil business that somebody has brought to my attention, but the L. A. P. D. didn't see fit for me to go down to Texas to go into the business. They sent wires that a notorious character was coming down there, and I couldn't go through with my business. How can I go into a business under conditions like that?

The CHAIRMAN. And Mr. Gonzales ran you out of Texas?

Mr. COHEN. Yes, sir.

The CHAIRMAN. What town in Texas was that?

Mr. COHEN. Fort Worth.

The CHAIRMAN. It seems to me that I remember reading in the newspapers that you said you didn't get a very warm reception in Chicago and you got run out of Texas, but that you were wine and dined in St. Louis. Did you make a statement like that?

Mr. COHEN. No, sir; I never made a statement like that at all, Senator.

The CHAIRMAN. You got along better in St. Louis than you did in Texas and Chicago?

Mr. COHEN. I didn't get run out of St. Louis, if that is what you mean.

The CHAIRMAN. Do you deny that you said you had been wined and dined by officials in St. Louis?

Mr. COHEN. I deny it, Senator.

The CHAIRMAN. Who are your friends in St. Louis?

Mr. COHEN. Who are my friends?

The CHAIRMAN. Whom did you see there and whom do you do business with there?

Mr. COHEN. A man by the name of Ben Greenberg.

The CHAIRMAN. He is a fight promoter?

Mr. COHEN. That is right. He owns a saloon and is a fight promoter.

The CHAIRMAN. I have a recollection that he has been charged with fixing fights. Do you know whether that is true or not?

Mr. COHEN. I don't think so.

The CHAIRMAN. You think it is not true?

Mr. COHEN. I don't think it is true.

The CHAIRMAN. Did you ever fix a fight?

Mr. COHEN. Never in my life.

The CHAIRMAN. This fellow, Johnny O'Rourke, in West Palm Beach, complains bitterly about the kind of bets you sent him. You would call him up out of the blue and place several bets with him over a period of 5 or 6 months, and over that period you won about \$60,000 or \$70,000 from him. He never could win but one or two bets from you.

Mr. COHEN. He is probably telling you the truth.

The CHAIRMAN. How does that happen? Did you have horses that you knew about? Did you have tips?

Mr. COHEN. Horses?

The CHAIRMAN. Did you have any races fixed?

Mr. COHEN. Nothing fixed.

The CHAIRMAN. Did you have any jockeys that kind of knew how they were going to run their horses?

Mr. COHEN. No, they just knew the horses were ready.

The CHAIRMAN. It is rather unusual, just with the odds on the regular tote board, that he would lose \$70,000, and I think he never won but about \$1,000 from you.

Mr. COHEN. I think he exaggerated a little bit.

The CHAIRMAN. That is what he stated, and he has his records.

Mr. COHEN. I think he exaggerated a little bit. He wins some pretty fair bets himself.

The CHAIRMAN. But not from you?

Mr. COHEN. The bets I won were not all mine either, and the bets he wins I don't know if they were all his.

The CHAIRMAN. In the transactions back and forth, he lost about \$70,000 and won only about \$1,000 from you.

Mr. COHEN. I am positive he won some bigger bets from me than that. I will say this, that every time I made a bet I tried to win it. I didn't make any bets trying to lose.

Senator WILEY. What percentage of that \$70,000 was your own personal gain?

Mr. COHEN. Maybe about \$15,000 of it; \$15,000 or \$18,000 or \$20,000.

Senator WILEY. Over what period?

Mr. COHEN. Over quite a period of time.

Senator WILEY. You mean over several years?

Mr. COHEN. A few years; yes, sir.

Senator WILEY. Have you any books or records showing any winnings and losings, showing your winnings and your losses, if this particular amount you speak of, \$70,000, was from one source? You had other sources where you bet also, other places, I take it? Now, have you got any records that designate or indicate what your total winnings or losses were over a given period, over this year, that year, and so forth?

Mr. COHEN. Only the records that I reported to my accountant.

Senator WILEY. Do you have any books on that?

Mr. COHEN. I don't know how you mean. I haven't had any education and don't know how to keep books.

Senator WILEY. I am just speaking of simple bookkeeping.

Mr. COHEN. I would keep it for a day and turn it in to my accountant and that would be all. I don't know how to keep no books. I am bad on those things anyway.

Senator WILEY. Has the Federal Government ever assessed you a blank assessment?

Mr. COHEN. I don't know what you mean, Senator.

Senator WILEY. Well, they make the farmers up in my State keep books.

Mr. COHEN. My accountant takes care of all of that, Senator.

The CHAIRMAN. I have one more question before you proceed, Mr. Halley.

You said a little while ago you had no business with Snags Klein of Kansas City.

Mr. COHEN. I wouldn't say business with him directly. I sold a restaurant to his brother and his sister, I believe.

The CHAIRMAN. Snags Klein testified, in Kansas City, and he is serving time in Leavenworth now, that about 3 years ago, I believe it was, you called him up on the telephone, right out of the blue, and tried to borrow \$3,000 from him, I think it was.

Mr. COHEN. It wasn't right out of the blue. Snags Klein was here and spent some time with me here. I did need some money. I think it was about 2½ years ago. I called him and asked him if he could loan me some money.

The CHAIRMAN. You said you never tried to do any business with him or never have done any business with him. You did call him up and try to borrow \$3,000?

Mr. COHEN. That is true; yes.

Mr. HALLEY. Do you know someone by the name of Stompanato?

Mr. COHEN. Sure.

Mr. HALLEY. That is John Stompanato?

Mr. COHEN. Yes.

Mr. HALLEY. Is he a good friend of yours?

Mr. COHEN. He is a young fellow, a nice fellow; he is a good boy.

Mr. HALLEY. How old is he?

Mr. COHEN. His true age is 25 years old.

Mr. HALLEY. In the last 2 years, 2 years ago, did you borrow some money from him?

Mr. COHEN. Yes.

Mr. HALLEY. Several thousand dollars?

Mr. COHEN. Yes.

Mr. HALLEY. About \$7,500; is that right?

Mr. COHEN. He put \$7,500 in the jewelry store business and then I had some different money transactions with him. They were all called in to the accountant.

Mr. HALLEY. They added up in 1948 to \$14,000, didn't they; \$13,000 or \$14,000?

Mr. COHEN. I have borrowed from him at different times and he has borrowed from me at different times.

Mr. HALLEY. He has stated in an examination that in the year 1948 he had loaned you approximately \$13,000 or \$14,000.

Mr. COHEN. If he said it, it is the truth. He wouldn't say nothing that wouldn't be the truth.

Mr. STRONG. May I ask if those questions that you are now asking come from an Internal Revenue Department investigation?

Mr. HALLEY. This is a document that was subpoenaed from Mr. Cohen's auditor.

Did he have any job at that time?

Mr. COHEN. He worked at the Continental Cafe for a time.

Mr. HALLEY. What did he do at the Continental Cafe?

Mr. COHEN. He was the manager, the bartender; everything.

Mr. HALLEY. Did he earn large sums of money? Was he a man of wealth?

Mr. COHEN. I don't know that. I know he was able to get some money some place; that is what he told me at the time.

Mr. HALLEY. He borrowed very large sums of money from a rich man; did he not?

Mr. COHEN. That is right; yes.

Mr. HALLEY. Isn't it a fact that the Government is now charging that he got that money by extortion?

Mr. COHEN. I don't think so; I think it is not a fact.

Mr. HALLEY. Perhaps I better read you the fact. This is a statement by the revenue agent who made an examination of Mr. Stompanato.

Mr. STRONG. Then it is a revenue agent's form?

Mr. HALLEY. I said it was a form we subpoenaed from your accountant.

It is stated in here:

The Government intends to try to make a showing Mr. Stompanato, that Mr. Blank is a very wealthy man without too much business experience. That in 1948 and 1949 he was blackmailed by various persons for amounts in excess of \$65,000.

Mr. COHEN. That is a very funny question. He just had dinner with the fellow 3 nights ago. I don't think he would have had dinner with the fellow 3 nights ago if he blackmailed him. It don't seem possible. On what grounds would Stompanato blackmail anybody?



Mr. HALLEY. I am trying to find out how you and Stompanato succeeded in persuading people to loan you large sums of money.

Mr. COHEN. I can only answer for myself. If you want Stompanato you can ask him.

Mr. HALLEY. Now, you have answered that question because you say your credit is so good.

Mr. COHEN. Yes. I don't know of any other money that Stompanato was able to get.

Mr. HALLEY. This seems to be a pretty good source.

Mr. COHEN. Maybe the fellow wanted to give him the money. They had dinner 3 nights ago.

Mr. HALLEY. Well, you don't know either way about that?

Mr. COHEN. No.

Mr. HALLEY. Is there any connection—this is a question and not a charge—is there any connection between the violence associated with the people who have been close to you and your ability to obtain large sums of money from various people in the form of loans?

Mr. COHEN. Absolutely not.

Mr. HALLEY. Are these loans legitimate loans or are they cover-ups for income obtained by you in other ways?

Mr. COHEN. 1,000 percent legitimate loans.

Mr. STRONG. If you don't call that an income-tax question, I don't know what it is.

Mr. HALLEY. Are you objecting to it?

Mr. STRONG. We have a general objection as to the immunity statute here.

Mr. HALLEY. Is there any evidence of any of these debts in the form of promissory notes?

Mr. COHEN. I told you "No." You asked me that question four times.

Mr. HALLEY. I just wanted to make sure on a few of these questions.

Mr. COHEN. I haven't changed my answer on one question.

Mr. HALLEY. Well, the record will show what it shows.

Mr. COHEN. You have changed your way of putting the question.

The CHAIRMAN. Just answer the question.

Mr. HALLEY. Did you give collateral on any of these loans?

Mr. COHEN. No, sir; I gave a note in two or three different instances.

Mr. HALLEY. I have no other questions, sir.

The CHAIRMAN. I have one or two questions I want to ask. You had Charley Binaggio's name in your book at home with his number?

Mr. COHEN. Yes.

The CHAIRMAN. Why would you have his name and number?

Mr. COHEN. Let me see how I can recall how that came about. There were some people in the office that were calling Kansas City for football information, which they were dealing back and forth on football information, bets on football. This particular book that you are calling, or talking about, Senator, there was maybe 20 different people that have access to this book. All these persons put in their different numbers that were needed for these different things. I have never spoken to Charley Binaggio personally or ever seen him.

The CHAIRMAN. Here is the name "Tony DeLanter." Under that you have "Dope." What does that mean?

Mr. COHEN. That is his name, "Dope."

The CHAIRMAN. Is that his nickname?

Mr. COHEN. That is right.

The CHAIRMAN. You kept Snags Klein's number?

Mr. COHEN. That is right.

The CHAIRMAN. You have numbers here of people all over the United States. You have people from all over the United States with their names and telephone numbers?

Mr. COHEN. Yes, sir.

The CHAIRMAN. What did you keep these for?

Mr. COHEN. They may be friends of mine. I don't know what numbers you are talking about.

The CHAIRMAN. Look these over very briefly.

Mr. COHEN. Joe E. Lewis; he is an entertainer.

The CHAIRMAN. I am not asking you about all of them. These are numbers that you kept and called from time to time?

Mr. COHEN. Yes; here is Eddie Cantor's name. These are all friends of mine. Here is a fellow I done business with—John O'Rourke.

The CHAIRMAN. I imagine that Mr. O'Rourke is sorry you got his number.

Mr. COHEN. I imagine so, too.

The CHAIRMAN. I would like you to state whether those were from the book you kept, as to the names and numbers, and if those are correct. Just look through them as a sample. Let me have them back, if you will. These were the out-of-town numbers; is that right? We also had a bunch of in-State numbers.

Mr. TOBEY. Were you ever known as Bob O'Brien?

Mr. COHEN. No, sir.

Senator TOBEY. Do you know a man in this town by the name of Arthur Samish?

Mr. COHEN. I know him; yes.

Senator TOBEY. How well do you know him?

Mr. COHEN. I wouldn't say real well.

Senator TOBEY. When did you see him last?

Mr. COHEN. I don't think I have seen Mr. Samish for 2 years, I imagine.

Senator TOBEY. That is the night when gunfire took place in front of Sherry's Restaurant? It was sometime in July of 1949; wasn't it?

Mr. COHEN. Yes; I think so.

Senator TOBEY. Weren't you and Samish together an hour or two before you and your associates were shot down?

Mr. COHEN. He was in a restaurant that I walked into.

Senator TOBEY. Were you with him?

Mr. COHEN. I just saw him.

Senator TOBEY. You said you hadn't seen him for 2 or 3 years?

Mr. COHEN. A year and a half or 2 years. I don't know the exact time.

Senator TOBEY. The record indicates that your telephone calls show as many as 14 telephone calls between your respective headquarters in a period of a few months. You had 14 telephone calls with Samish between your office and his within a few months.

Mr. COHEN. That don't mean they necessarily came from me.

Senator TOBEY. What is Samish's business?

Mr. COHEN. I don't know; he is in the liquor business.

Senator TOBEY. Is he a so-called big shot?

Mr. COHEN. I don't know what you would call a big shot. He is a fine man.

Senator TOBEY. He is a man of prominence in this city? Is he a man that meddles in politics a good deal?

Mr. COHEN. I don't think so.

Senator TOBEY. Doesn't he make or break men in public life?

Mr. COHEN. I wouldn't say that.

Senator TOBEY. Isn't he a strong-arm man in the political world here in California?

Mr. COHEN. I don't think so.

Senator TOBEY. Now, we are talking here man to man. Forget the crowd being here. What do you know about Samish?

Mr. COHEN. I know he is a very fine gentleman.

Senator TOBEY. Fine in what way?

Mr. COHEN. Fine in every way; very charitable.

Senator TOBEY. What is his business?

Mr. COHEN. I think he is in the liquor business.

Senator TOBEY. Hard liquor or wineries?

Mr. COHEN. I think he is a representative for the liquor business.

Senator TOBEY. That is all he does?

Mr. COHEN. That is all I know.

Senator TOBEY. Where is his office?

Mr. COHEN. In San Francisco.

Senator TOBEY. Where else?

Mr. COHEN. I don't know.

Senator TOBEY. How about in this city here?

Mr. COHEN. I don't know.

Senator TOBEY. Doesn't he maintain a suite on the second floor of the Biltmore Hotel?

Mr. COHEN. I have never been up there.

Senator TOBEY. You do not know that?

Mr. COHEN. I don't know it; no.

Senator TOBEY. You never heard that before?

Mr. COHEN. No; not that it was his office or offices.

Senator TOBEY. How does he get his great influence in politics in this State?

Mr. COHEN. I don't know.

Senator TOBEY. Did you know that the Governor of this State stated that, "In matters that concern him he has more influence than I have." Did you read the articles in Collier's magazine?

Mr. COHEN. I read about Samish; yes.

Senator TOBEY. You read the articles?

Mr. COHEN. Yes.

Senator TOBEY. You saw the stories, read the stories, which told about Samish being pretty weird and uncanny; the great power that this man yields in politics in the State of California?

Mr. COHEN. I have learned through my own experience that I wouldn't believe one word in Collier's or any other magazine or newspaper or any other periodicals.

Senator TOBEY. You read those things about him?

Mr. COHEN. I read the story.

Senator TOBEY. So you did know, as far as the medium of Collier's goes, he was engaged in political activities in California?

Mr. COHEN. I don't know that.

Senator TOBEY. Would you know the man if he walked into this room now?

Mr. COHEN. Samish: sure.

Senator TOBEY. Did you have any business dealings with him?

Mr. COHEN. No.

Senator TOBEY. Did you ever do any work for him?

Mr. COHEN. No.

Senator TOBEY. Have you ever done any favors for him?

Mr. COHEN. No.

Senator TOBEY. Did he ever call you to come and see him?

Mr. COHEN. No, sir.

Senator TOBEY. Now, this is a good question: In this tailor shop of yours did you ever equip Mr. Samish with any clothing? Did you ever sell him any clothing?

Mr. COHEN. Yes, Senator.

Senator TOBEY. You have sold him some clothing?

Mr. COHEN. The tailor shop has.

Senator TOBEY. To what extent?

Mr. COHEN. I don't even know. He has bought some clothing. He paid cash for them. He has paid all his bills.

Senator TOBEY. Mr. Chairman, I cannot go any further here now, but it well may be that this committee should go into this matter more fully.

The CHAIRMAN. Mr. Cohen will remain under subpoena. We can have him back if we need him for further questioning.

Mr. STRONG. Today or tomorrow?

The CHAIRMAN. We will notify you; we will notify either you or Mr. Cohen.

Senator WILEY. I have a few questions.

I think I heard you state or infer that the police department was against you. Why should they be against you?

Mr. COHEN. I can't answer that, Senator; I don't know. There never has been a man that has had the harassment that I have had in the whole United States. They arrest me when I am here. Then if I want to leave here they make sure the people, wherever I go, arrest me. If they don't want me here why don't they leave me alone when I go some place else?

Senator WILEY. Do you know Mayor Bowron?

Mr. COHEN. No, I don't.

Senator WILEY. Did you participate in the campaign to try to get him recalled?

Mr. COHEN. I did not.

Senator WILEY. Have you ever been mixed up in politics?

Mr. COHEN. No, sir.

Senator WILEY. I understand that you have a family?

Mr. COHEN. Yes.

Senator WILEY. A wife and how many children?

Mr. COHEN. No children, Senator; just two dogs.

Senator WILEY. I have no further questions.

The CHAIRMAN. What business do you have with Tony Gearidino? Do you see him often when you are in St. Louis?



Mr. COHEN. I saw him just once.

The CHAIRMAN. Did you call him on the telephone?

Mr. COHEN. No; Mr. Greenberg called him to come over and say hello. We hadn't seen each other for a few years. He came over to pay his respects.

The CHAIRMAN. What business do you do with Sam Mazzeo at Galveston, Tex.?

Mr. COHEN. None.

The CHAIRMAN. How does it happen that you have his number?

Mr. COHEN. He was here. He came to a charity party that I threw and I sat and talked to him and he gave me his number in case I came down that way and to say hello.

The CHAIRMAN. So you just kept his number?

Mr. COHEN. That is true.

The CHAIRMAN. What was the last fighter that you handled?

Mr. COHEN. Willie Joyce.

The CHAIRMAN. Did you have some negotiations with Herman "Mugsy" Taylor in Philadelphia?

Mr. COHEN. Yes, sir; I did.

The CHAIRMAN. How long ago has that been?

Mr. COHEN. Six or seven years ago.

The CHAIRMAN. You had a fighter at that time?

Mr. COHEN. Yes.

The CHAIRMAN. Willie Joyce?

Mr. COHEN. That is right.

The CHAIRMAN. Did you take him to Philadelphia to fight with Taylor's man?

Mr. COHEN. Not Taylor's man; with Ike Williams.

The CHAIRMAN. Taylor was the promoter, was he?

Mr. COHEN. Yes, sir; he was.

The CHAIRMAN. Did you help Frank Sinatra promote a fight in San Francisco?

Mr. COHEN. No, sir.

The CHAIRMAN. You didn't know anything about it?

Mr. COHEN. Frank may have talked with me about it; I didn't help him in any way.

The CHAIRMAN. Is he an old and good friend of yours?

Mr. COHEN. Frank Sinatra, I consider him a good friend.

The CHAIRMAN. Does he visit with you often?

Mr. COHEN. He hasn't visited with me for, maybe, 3 or 4 years.

The CHAIRMAN. He did try to promote some fights, didn't he?

Mr. COHEN. I think he did.

The CHAIRMAN. Did some of your fighters fight in fights that he promoted?

Mr. COHEN. No. We may have had some conversation on fights, but that is about it.

The CHAIRMAN. Let me ask you again, What was this gambling operation that you had up where the airport is, at Burbank or near Burbank; what was that gambling operation?

Mr. COHEN. What was it?

The CHAIRMAN. What was the name of it?

Mr. COHEN. The Dincara stock farm.

The CHAIRMAN. Tell us again who the partners were.

Mr. COHEN. I was in partners with a fellow by the name of Einstace.

The CHAIRMAN. Who else was a partner?

Mr. COHEN. I don't know.

The CHAIRMAN. Could you find out who the partners were?

Mr. COHEN. It was quite sometime ago; I will try to find out.

The CHAIRMAN. Were you ever raided up there?

Mr. COHEN. I never was there. All I did was have a piece of it. I put my money up.

The CHAIRMAN. Did you go up and see about it from time to time?

Mr. COHEN. No.

The CHAIRMAN. Did you make a profit out of it?

Mr. COHEN. I think so; it was no big deal.

The CHAIRMAN. Who handled the money?

Mr. COHEN. They did.

The CHAIRMAN. In these various operations around here in Los Angeles, and in this section of the country, do you get any police protection?

Mr. COHEN. None whatsoever. They have driven me crazy around here.

The CHAIRMAN. I mean when they weren't driving you crazy, were you getting any police protection?

Mr. COHEN. Nobody has ever protected me. They have done everything else but.

The CHAIRMAN. These craps games that you operated——

Mr. COHEN. There was no protection to them at all.

The CHAIRMAN. How do you operate a craps game with people coming in?

Mr. COHEN. These were no games that were banked, like you see in Las Vegas. Senator. These were games that everybody shot among themselves and the house took a cut.

The CHAIRMAN. Do you have one of these collapsible craps tables that you can put into the back of a car?

Mr. COHEN. It wouldn't fit into the back of my car. I had one but it wouldn't fit.

The CHAIRMAN. You had a collapsible table that you could carry from place to place?

Mr. COHEN. But not to put into your car.

The CHAIRMAN. But you could transport it in a truck or something like that?

Mr. COHEN. Yes.

The CHAIRMAN. And it was collapsible so you could take it into a house or out of a house without taking it down?

Mr. COHEN. You had to take the sides off of it to carry it.

The CHAIRMAN. I have nothing else.

Mr. HALLEY. Nothing else.

Mr. ROBINSON. No questions.

Senator TOBEY. No questions.

The CHAIRMAN. Mr. Cohen, you will remain under subpoena, but you need not stay here. If we need you we will get in touch with you or with your lawyers.

Mr. STRONG. In connection with our immunity position, we would like to have you mark this, the front page of the Los Angeles Times for Friday morning, November 17, 1950, indicating what the committee is investigating as to income tax.

The CHAIRMAN. We will make the morning Los Angeles Times, for Friday morning, November 17, 1950, a part of the record of Mr. Cohen's testimony.

That will be all, thank you.

Mr. HALLEY. The next witness will be Sheriff Biscailuz.

The CHAIRMAN. We will take a short recess first.

(Short recess.)

The CHAIRMAN. The committee will be in session. The committee has rearranged its schedule for hearings on this trip through California. It was our plan to proceed to San Francisco tonight and have hearings there tomorrow, but in view of the length of time that some of the witnesses have taken for examination and other developments that have come up here, we have decided to postpone the hearing in San Francisco until next Tuesday.

We will begin at 10 o'clock in the Federal Building next Tuesday in San Francisco for 2 days. We will have a further executive hearing here in the morning beginning at 9:30. All of the witnesses who are under subpoena and who have been called, can be excused for the rest of the afternoon, if they wish, but report back tomorrow morning at 9:30 o'clock. We will endeavor to conclude by 1 o'clock tomorrow afternoon.

Sheriff Biscailuz, will you take the stand.

**TESTIMONY OF EUGENE WARREN BISCAILUZ, SHERIFF,  
LOS ANGELES COUNTY, CALIF.**

The CHAIRMAN. Sheriff Biscailuz, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Sheriff BISCAILUZ. I do.

The CHAIRMAN. Sheriff Biscailuz, what is your full name?

Sheriff BISCAILUZ. Eugene Warren Biscailuz.

The CHAIRMAN. Yesterday—before we start the examination, I might tell you that we had before us Mr. Arthur C. Jewell, the under sheriff. In connection with some matters, particularly the Guarantee Finance Corp., his testimony as to what went on was highly unsatisfactory to the committee. We would be glad to have you clarify any matters in connection with that and tell us what you know about it.

Sheriff BISCAILUZ. Very well.

The CHAIRMAN. We are very anxious to get all of the facts that you can give us. Before proceeding with the examination, is there any general statement that you wish to make?

Sheriff BISCAILUZ. I would like to, if the committee will allow me, to make certain statements, and to make as part of the proceedings, if it is in order, to present this and to read, at least part of it, and then give you for the record the report that Captain Pearson made to me upon my request.

The CHAIRMAN. You read from the report to the extent you wish and then the whole record will be filed as an exhibit to your testimony. I understand that you have been in the State of Washington to a law-enforcement officers' convention.

Sheriff BISCAILUZ. Yes, I am president of the Pacific Coast International Peace Officers Association, and was there on Monday and

Tuesday for the session and then was in Vancouver and back to Seattle when I received the message.

Now, I would like to read from the report.

From: C. H. Pearson, captain.

To: E. W. Biscailuz, sheriff.

Subject: Guarantee Finance Co., Jacobs Surplus Supply Co., Southeast Credit Service, Allen Brokerage Co., E. V. Johnson, Phillips Furniture Storage, Stone's Service Station, Florence Avenue Secretarial Service, C. L. Handley, Fashion Lane Dress Shop, Cole King Advertising Agency, Good News Press, Secretarial and Alarm Service, Club Membership Solicitors, Memorial Stone Maintenance Co.

Above located at 1747, 1747½, 1749, 1751, 1753, 1755 East Florence Avenue.

Much has been said about the laxity on the part of the anti-vice and narcotic detail insofar as the enforcement of the bookmaking laws particularly pertaining to the Guarantee Finance Co.

I made a careful search of the daily reports submitted by the crew sergeants on their activities which cover the following dates and the results of the investigations which various members of this detail made:

Then it gives certain dates and activities on those dates as you can see. I think I can save some time for you, but I will read some of these.

January 26, 1946: Lisa, Estes, and Molin on stakeout at 1747½ East Florence, No activity observed.

January 29, 1946: Estes staked out at 1747½ East Florence Avenue. No activity.

January 29, 1946: Hallinan staked out at 1747½ East Florence Avenue. No activity.

February 9, 1946: 7:25 p. m., Lisa, Acosta, Hallinan, Estes, Molin, and Kapic checking 1747½ East Florence for gambling. All dark.

February 19, 1946: Estes and Hallinan staked 1747½ East Florence. No activity observed.

February 21, 1946: Estes checked 1747½ East Florence. No activity.

March 2, 1946: Jones, Crawford, McKinney, and Schaffer checked 1747½ East Florence for gambling. No activity.

March 5, 1946: Molin, Whipple, and Acosta checked 1747½ East Florence for bookmaking. No activity observed.

March 15, 1946: Lisa and crew met Kapic and crew—proceeded to 1747½ East Florence and checked re bookmaking. Could not gain entrance to place; called on phone but no racing information could be had.

March 18, 1946: Hallinan, Lisa, and LaFever to 1747½ East Florence on stakeout. No activity observed.

March 19, 1946: 7:30 p. m. to 10:15 p. m. Jones and Schaffer staking on 1747½ East Florence re possible gambling. No traffic or activity noted this date.

March 21, 1946: 10 a. m. Lisa and Acosta to 1747½ East Florence Avenue re bookmaking. No activity.

March 21, 1946: 8:15 p. m. McKinney checking 1747½ East Florence for possible gambling. Verbal report to be made.

March 22, 1946: 8:45 a. m. Lisa and Acosta to 1747½ East Florence on stakeout re bookmaking. No activity and no one entered premises.

April 13, 1946: Night crew checking 1747½ East Florence for gambling. No activity.

After the first 4 months of 1946 the records do not reveal that any complaints were received by the detail and therefore no recorded investigations were noted. However, Sergeant Kapic was well aware of the previous complaints lodged against the above-listed names and locations and was instructed that whenever in that vicinity he should give the place a check to ascertain if any activities were taking place. I have talked to Sergeant Kapic about this and he has assured me that on many occasions he had either himself or had members of his crew check this location and also call various telephone numbers which were listed and at no time did they ever obtain any leads that would indicate that bookmaking was carried on here.

Sheriff BISCALUZ. I don't know if I should take the time to read all of it to you.



The CHAIRMAN. You read what you wish.

Sheriff BISCAILUZ. All right, Senator.

The CHAIRMAN. We will file this with the record.

Sheriff BISCAILUZ. If the document is going to be filed then I will just read from certain portions of it. I will go to page 5 and read a few more entries.

Subject: Martin Kobey et al.

December 16, 1948: Kapic, Grant, and Jones staked on 1747½ East Florence. No violation observed.

December 17, 1948: Kapic, Grant, and Jones staked on 1747½ East Florence. No violation observed.

December 21, 1948: Runyon and McNair staked on 1747½ East Florence. No violation observed.

December 28, 1948: Grant, Jones, and Schaffer staked on 1747½ East Florence. No violation observed.

December 29, 1948: Crew No. 2 staked on 1747½ East Florence Avenue. No violation observed.

December 30, 1948: Allen, Bowié staked on 1747½ East Florence Avenue. Verbal report.

December 31, 1948: Prospective raid on 1747½ East Florence by crews Nos. 1 and 2. No violation observed.

Then reading further:

On the strength of verbal report made by Deputies Allen and Bowie, December 30, 1948, I made arrangements with the telephone company to supply me with certain information at 11:55 a. m. on December 31, 1948. On December 31, 1948, both crews were detailed within a short distance of the Guaranty Finance Co. fully equipped with door-opening devices and an extension ladder to make forcible entry at 1747½ East Florence Avenue at approximately 12:05 p. m. and instructed to call the office at noon sharp as the information I had asked for from the telephone company would have been received from the telephone company as per arrangements and was informed that the phones at 1747½ East Florence Avenue were absolutely inactive. Therefore, when the crew sergeant phoned the office at noon I told him the raid was off, to dismiss the night crew and to return to the office with his crew.

As I have previously reported to you, another stake-out was conducted from January 17, 1949, to and including January 31, 1949, the purpose of this stake-out, as you are well aware, was to ascertain where the bookie joints were located whose agents or runners were hanging around the Guaranty Finance Co. and if possible we had hoped to obtain the necessary information upon which to obtain a conspiracy complaint against all concerned.

It was while this investigation was under way that all the activity was halted when the corporation commissioner seized the books of the Guaranty Finance Co.

I believe that the data covered in this report is more than sufficient to contradict any accusations of laxity or of pay-offs, as you will note that a large assortment of men were used in the stake-outs and if any pay-offs were in vogue it certainly would have been confined to a few persons and not to the entire detail.

I do have certain notes still in my own personal file that I have not referred to here as it would entail too long a report and they are not too important but do tie into certain remarks that have been passed by various persons and groups.

Respectfully submitted,

C. H. PEARSON,

*Captain, Anti-Vice and Narcotic Detail.*

I would like to give this to you.

The CHAIRMAN. This report dated February 14, 1950, will be made a part of the record as exhibit No. 15.

(Exhibit No. 15 is on file with the committee.)

Sheriff BISCAILUZ. Would it be in order for me to make further general statements?

The CHAIRMAN. Yes.

Sheriff BISCAILUZ. We have in our organization, the sheriff's office, an antigangster squad that travels throughout the unincorporated area of Los Angeles County nightly and consists of 12 men. I wonder if I could get this into the record, because I want to show that our office is cognizant of the fact that there was crime in Los Angeles County and it is the duty of the sheriff to do everything he can to minimize it as far as he can, with the tools that he has to work with.

Here is the way we do this. I would like to hand this to the committee as an outline of our activities, the activities of those squads.

All the way through here, sir, it gives the same procedure of the activities of the antigangster activities in the unincorporated and in the Hollywood district. When I say the "Hollywood district" it means the unincorporated area and the Gardena area where the card clubs are. That is an incessant patrol that we have going on and have had going on now for approximately 2 years.

The CHAIRMAN. This document that you have referred to is dated November 6, 1950.

Sheriff BISCAILUZ. I just picked one out of a lot of them over there. That doesn't mean anything except that it is just one of many reports.

The CHAIRMAN. We will make that exhibit No. 16 to your testimony. (Exhibit No. 16 is on file with the committee.)

The CHAIRMAN. Do you have any other general statement?

Sheriff BISCAILUZ. I would like to state, sir, that we have 4,083 square miles of territory in Los Angeles County. We do happen to be the largest sheriff's office in the United States of America. We have 62 departments of the superior court in comparison to 9, 44 years ago.

We have in our Angeles County jail 3,000 inmates on the top 5 floors of the Hall of Justice. We have besides that 1,500 in our Honor Rancho and honor camps throughout the county.

The sheriff of Los Angeles County holds a nonpartisan office here. The office is not a political organization. The sheriff is elected for 4-year terms and can be reelected. His name appears on all the ballots before the public. If he gets a majority of the votes in the primaries he can be declared elected and he does not have to run in the final election in November.

Senator TOBEY. Does his remuneration come from straight salary only?

Sheriff BISCAILUZ. When I first started in the office the salary was inconsequential and the fees considerable. Now the sheriff is on a \$15,000 a year salary with no fees or emoluments.

Senator TOBEY. I think that is better, don't you?

Sheriff BISCAILUZ. Yes. Also we are an organization of civil service. The sheriff is elected, of course, and the undersheriff is appointed by the sheriff. The entire crew of nearly 1,800 comprise our entire organization. They are under civil-service rules and regulations.

The CHAIRMAN. Is that Los Angeles city civil service?

Sheriff BISCAILUZ. Los Angeles County civil service.

The CHAIRMAN. Was Undersheriff Jewell appointed by you?

Sheriff BISCAILUZ. Yes.

The CHAIRMAN. He does act as sheriff when you are out of the city. He is an administrative officer to look after the details when you are gone?

Sheriff BISCAILUZ. Yes. He is connected mostly with that which has to do with administration. If the sheriff is incapacitated the coroner would take over until a successor is appointed. An undersheriff can take the duties over but everything is done and every act is done in the name of the sheriff.

The CHAIRMAN. Anyway, he is the second officer in command, is he?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. What is the jurisdiction of your office?

Sheriff BISCAILUZ. We have the entire unincorporated area of Los Angeles County, of 45 cities in Los Angeles County, including the metropolitan city of Los Angeles. Then we have, of course, Pasadena, Santa Monica, and so forth, but there are still over-three quarters of a million people living outside of the incorporated cities of the county. The sheriff is like the Los Angeles chief of police. Our duties are the same except the sheriff has the added duties of being the keeper of the jails. He serves warrants and handles all the matters in the civil division. Also, as far as felonies are concerned, he operates in cities and counties in Los Angeles County. When it comes to a local ordinance, unless called upon by the local authorities there, either the chief of police or the mayor, he does not go into localities to enforce local ordinances.

Mr. HALLEY. Does he have concurrent jurisdiction with the police of the various cities on felonies?

Sheriff BISCAILUZ. No, he has his own jurisdiction. He can go into any city in the county on warrants for felonies, yes.

Mr. HALLEY. That is what I mean. That runs concurrently with the power of the police to do the same thing?

Sheriff BISCAILUZ. That is right, sir.

Mr. HALLEY. Is there any State law-enforcement authority which parallels that of the sheriff?

Sheriff BISCAILUZ. No, except, of course, we have the California Highway Patrol that polices the State highways within the counties of the State of California. I think I am right about that. I think that is all there is that I can think of.

Mr. HALLEY. What would you say is the state of law enforcement in the Los Angeles County area today?

Sheriff BISCAILUZ. You mean what kind of law enforcement we have?

Mr. HALLEY. Are the laws enforced? Are you able to enforce them successfully?

Sheriff BISCAILUZ. I have always said this, that laws that have to do with felonies and crimes against a person, we have never had any trouble in getting all the assistance that people wish to give us and do give us. When it comes to that which has to do with gambling and bookmaking, you will find then that is where we may have a little more difficulty. Those who know that robbery or murder is wrong in itself do not in many instances consider gambling and bookmaking wrong, and placing or making a bet anything too serious. They are the ones, of course, that we have to deal with. That is why we have more trouble always in enforcing the gambling laws than we do any other part of our duties, or in anything else that may come up within our jurisdiction.

Mr. HALLEY. How many men do you have available?



Sheriff BISCAILUZ. In our entire organization there are 1,800. The sheriff, also, is an officer of the court. Each department of the superior court has a bailiff who acts in the name of the sheriff. We have the civil division. We have a civil division, a criminal division, a bureau of records and identification, and the jails division. The uniform division and the detective division are also in the sheriff's office and besides that we have a division that has to do with corrections.

Mr. HALLEY. Well, what I am getting at is, how many men are available for criminal work?

Sheriff BISCAILUZ. We have available for criminal work, with our detective bureau, probably out of that number approximately 150. I forgot to say this: That we have in the county, in the unincorporated area, stations. We used to call them substations, and in each unincorporated area we have a station just like a police precinct or headquarters where a captain is assigned to each one of these stations within the county.

We have two-way radio cars and practically the same equipment and the same *modus operandi* that any large police department would utilize.

Mr. HALLEY. How many men are in this group?

Sheriff BISCAILUZ. In that group I can't tell you exactly. Let's see; 150—there must be a thousand altogether.

Mr. HALLEY. Working on criminal matters?

Sheriff BISCAILUZ. Yes. Not only criminal matters, because they are also patrol officers that go out in the prowl cars that police everything in that particular area.

Mr. HALLEY. We asked your deputy yesterday whether he could give the committee any information about gangsters, law violators, operating in the county. That was in accordance with the committee's usual procedure to ask such help from law-enforcement officers in areas in which it goes. He was not able to give us any specific information at all. I wonder if you are able to provide such information.

Sheriff BISCAILUZ. I will tell you frankly, I have never even met, in my life, Mickey Cohen. I only met, in our Los Angeles county jail Bugsy Siegel. I have not made it part of my duties to go out into the underworld and to catalog these people because I thought that was the duty of the men who were assigned by the sheriff to do that work. I might prove nearly as ignorant, if you wish to call it that, on that score. We depend on that information by just asking for it.

Mr. HALLEY. Have you ever asked for that information?

Sheriff BISCAILUZ. From time to time, yes. Whenever there is anything, any killings or anything else, we have that information and immediately work with the other departments that are working on the same case.

Mr. HALLEY. There have been a number of unsolved gang murders, have there not been, in this area?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. Have you personally interested yourself in the solutions of those murders?

Sheriff BISCAILUZ. We have, sir, and we have worked for months and months tirelessly on these cases and yet, again, I don't believe that we are any worse off here in Los Angeles County than in any other part of the country.



Mr. HALLEY. I wasn't referring so much to the inability to solve those murders, Sheriff, as to the question of whether in the course of these investigations either you or your chief deputy had learned anything about the structure of criminal activities in the county. We were unable to get any help at all from your deputy, which seemed, at least *prima facie*, to indicate that he wasn't as well informed as some of the other law-enforcement officers who appeared before the committee and were at least able to give us some ideas.

Sheriff BISCAILUZ. We have that information in our office and can get it by pressing a button in our record bureau and in our bureau of investigation.

Mr. HALLEY. Do you have any of that information in your head?

Sheriff BISCAILUZ. Just from the standpoint of some of the leaders of the gangs.

Mr. HALLEY. Who are some of the leaders?

Sheriff BISCAILUZ. At the present time I don't know who you would call a leader and who is not. You have Mickey Cohen, for instance; you have Dragna. There are those who have been mentioned, and men of that type. I have got them on my desk. At the present time I couldn't go down the list and give you 15 or 20 of them.

Mr. HALLEY. Have you any idea of whether there is or is not any organized criminal activities in Los Angeles County?

Sheriff BISCAILUZ. I can say this: If it is organized at all, it would be from the information that we have had: That we do not have any more organized crime than they have in other places and that we are in the same position as large cities are anywhere. I believe we have solved our fair share of all these crimes that have been committed.

Mr. HALLEY. In the course of trying to solve your fair share of crimes, have you not personally obtained some knowledge of the nature of organized criminal activities in this area, if indeed there are such activities?

Sheriff BISCAILUZ. Just from the standpoint of general knowledge and what our chiefs in our divisions have in their records and are using at all times in their work.

Mr. HALLEY. Is there nothing more specific that you can tell this committee now? For instance, what is Mickey Cohen doing these days? Who are his associates? Do they have criminal records?

Sheriff BISCAILUZ. We do know that some of Mickey Cohen's conferees have criminal records. We know that he was in Los Angeles County of the Strip for a long time. He is no longer in business there. At one time he was in business in the city of Los Angeles on La Brea Avenue, where he had a gambling joint for 2 or 3 years. I remember that. I know that he lives on Moreno. It is right within the city of Los Angeles, just this side of where the city of Santa Monica begins, where I live. We have general knowledge of that. I assure you that I feel the office of the sheriff of a county is to administer the organization and to have under him the proper men.

I am talking now about the chiefs, inspectors, and captains and those whose duty it is to see to that. It is their duty to make reports to us from time to time on everything that occurs.

We have an organization that is a big one. Its duties are, you might say—I don't think there is a sheriff's office in the world that has the—I mean in this country—that has the multitude of duties that have to

be performed. The sheriff of this county does not have to become a specialist in that—just in that one thing—in becoming familiar with the underworld. That is not his only duty. He has to keep pace with everything that is going on in the county.

Mr. HALLEY. Well, let's be more specific. You do have a special gang squad?

Sheriff BISCAILUZ. Yes, sir.

Mr. HALLEY. Haven't they been able to build up a dossier on the chief criminals?

Sheriff BISCAILUZ. Surely.

Mr. HALLEY. Do you have any knowledge of it?

Sheriff BISCAILUZ. We have it there in the office. I don't have it right here.

Mr. HALLEY. But neither you as sheriff or the under sheriff have any personal knowledge of that?

Sheriff BISCAILUZ. We weren't asked to bring anything like that over here. It could have been brought over.

Mr. HALLEY. In addition to Mickey Cohen are there any other people who are suspected of criminal activities on a large scale?

Sheriff BISCAILUZ. Plenty of them but not any famous characters that are around.

Mr. HALLEY. Any who are suspected of operating with an organization and linked throughout the underworld?

Sheriff BISCAILUZ. You hear a lot of names; but at the same time, you are not so sure whether that information is actually correct. You will hear from time to time names like Smiley and this boy over at the city hall, the old boy that used to be around the city here so much.

Mr. HALLEY. Do you mean Dragna or McAfee?

Sheriff BISCAILUZ. The fellow that was shot out at Lucey's place.

Mr. HALLEY. Utley?

Sheriff BISCAILUZ. Yes, Jimmie Utley. There is another one that has quite a reputation in his own ranks, although there is another fellow—he is another fellow I have never done any business with. Maybe I am a "babe in the woods" in that regard.

Mr. HALLEY. When was Utley shot at Lucey's Place?

Sheriff BISCAILUZ. About 3 or 4 years ago.

Mr. HALLEY. Who shot him?

Sheriff BISCAILUZ. Who shot him at that time? Well, they are still trying to find out.

Mr. HALLEY. Did you hear that Mickey Cohen was supposed to have pistol-whipped him out at Lucey's Place?

Sheriff BISCAILUZ. I have heard it; yes, but that is all I can say.

Mr. HALLEY. We heard him deny it today.

Sheriff BISCAILUZ. That was right in the middle of the day, too, when that happened, at lunchtime, about 1 o'clock in the daytime.

Mr. HALLEY. We have the problem here of this committee, which is certainly not a law enforcement committee, as you know, and certainly not trying to solve specific crimes. but rather we are trying to ascertain the relationships between various criminals. We hear that a man is supposed to have been pistol-whipped by a notorious criminal in broad daylight with about 100 people watching in a restaurant. Apparently there has been no specific investigation into that.

Sheriff BISCAILUZ. Well, there must have been because the police department and every other agency have been working on that. It wasn't a matter of no one doing anything about it.

Mr. HALLEY. Would you be unable to get any witnesses out of 100 persons in a restaurant that viewed that?

Sheriff BISCAILUZ. It is very possible not to get one.

Mr. HALLEY. Would that be due to intimidation?

Sheriff BISCAILUZ. Yes, and also fear of not wanting to be in a position of getting bumped off.

Mr. HALLEY. Fear of reprisal, you mean?

Sheriff BISCAILUZ. Yes, sir.

Mr. HALLEY. You think that is what is preventing witnesses from coming up and testifying?

Sheriff BISCAILUZ. I know it would help a lot in preventing them from doing so, from testifying.

Mr. HALLEY. Is there any way that people can be safeguarded against things like that, against that fear?

Sheriff BISCAILUZ. A campaign of education where they would have to realize their duty to their community was worth more than their own lives.

Mr. HALLEY. What can you tell us, say, of the operations of Jimmie Utley?

Sheriff BISCAILUZ. I know very little about Utley except that he is supposed to be one that has had books and keno games and things of that kind. We, in our office, have had no particular dealings with him.

Mr. HALLEY. Do you know who operates wire services in Los Angeles County?

Sheriff BISCAILUZ. I couldn't say. I remember once the Brophys were in the picture, but at the present time I don't know.

Mr. HALLEY. Have you any information you can give the committee of the operations of Jack Dragna?

Sheriff BISCAILUZ. No, I haven't. I know he has been around here for some time. He claims, of course, to be a respectable businessman now. He used to be quite active in prohibition days around here. He is another fellow that hasn't been brought to our attention in Los Angeles County activities.

Mr. HALLEY. Have you heard statements made that criminals have a tendency to move out of a city into the county in order to operate in the county more easily?

Sheriff BISCAILUZ. Yes; that happens from time to time, sir.

Mr. HALLEY. Would that be because you have fewer law-enforcement officers in the county?

Sheriff BISCAILUZ. No, but it may be because they think they can make arrangements. A lot of things run through their minds. They think, if they go over here, the chief of police would be more lenient than the one in the other place. I don't mean, by saying that, that that official is that way, but this fellow may have been sold a bill of goods by saying—by someone saying that he could do better over here rather than at the other place.

Mr. HALLEY. One instance of that has come to the committee's attention. It is the Guarantee Finance Co. case. They operated in the county just outside of the city?



Sheriff BISCAILUZ. That is right.

Mr. HALLEY. That is the situation the committee was talking about. We were talking to your deputy about that yesterday in an effort to find out whether that might have been an example of why gamblers and criminals felt that it was easier to operate in the county. Do you have any personal knowledge about that case?

Sheriff BISCAILUZ. Yes; I do have some personal knowledge about it. Of course, that place, we found it had operated—in other words, did business in several cities in the county of Los Angeles as well as in the unincorporated areas.

Mr. HALLEY. Had it been under investigation by your office?

Sheriff BISCAILUZ. That report that has been read, I think, would cover that.

Mr. HALLEY. Do you recall that the Guarantee Finance Co. was raided by the corporation commissioner's office on January 13, 1949?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. Do you recall that a Mr. Robinson, then the chief investigator for the California crime commissioner, and now the chief investigator for this committee, telephoned you on that occasion?

Sheriff BISCAILUZ. Yes, but before that Mr. Olney called me. I think it was the day before, and he told me that Mr. Robinson would be calling, and would need some assistance. I am just using those words; that probably isn't the exact conversation. I told him, "Fine. When Mr. Robinson calls me I will do everything I can to assist him." So the next day Mr. Robinson did call me, I believe. I immediately, as the procedure in the office and the custom of the office, if you wish to call it that—I called Captain Pearson, who was the captain of the vice squad at that time, and told him that I thought that either Mr. Robinson was going to call him or that he was going to come in to see him and ask for some help. He told me he would give him every assistance. That is the way that happened.

Mr. HALLEY. You know what happened is that, when Mr. Robinson spoke to Captain Pearson, Captain Pearson said he could not make any men available.

Mr. ROBINSON. As I recall it—and you can correct me if I am wrong—Mr. Warren Olney called you and spoke to you personally on the morning of the raid; early on the morning of the raid.

Sheriff BISCAILUZ. I don't remember the exact time.

Mr. ROBINSON. It was early in the morning.

Sheriff BISCAILUZ. Was that in January?

Mr. ROBINSON. It was in January. The corporation commissioner was then about to move into the Guarantee Finance Co. premises, and he invited you to participate. It was the second time that I called you and stated that the corporation commissioner's men had advised me of the bookmaking paraphernalia they had found out there; that their process only extended to the loan premises, and there was no way within their process that they could gain access to the big pit room upstairs. It seemed as though some law-enforcement agency should be on the spot in order to gain access to the second floor, if at all possible. It was at that time you referred me to Captain Pearson and asked me to acquaint Captain Pearson with those facts.

Sheriff BISCAILUZ. That is correct. That is where the crux of this entire matter lay, as far as the Guarantee Finance Co. is concerned, is from the standpoint of the allegations or claim that the sheriff's office



did not assist or cooperate in the Guarantee Finance Co. raid. If that assignment had gone over as scheduled and as I wanted it to go over and had been called to my attention again—you know, every dog is entitled to one bite. We all make mistakes. We can't watch everything in the scheme of things. I never denied that that call came to me, and I will never shift the responsibility that is mine as sheriff by putting it on the shoulders of men who are in our office.

At the same time, I will not, on rumor or by any other mode that is not from a legal standpoint, I can't under civil-service regulations throw them out, but a mistake in this matter was made by Mr. Pearson in not finding men immediately from somewhere to go down there, because that was what he was told to do. He has told me from time to time he would like to appear somewhere and be able to give his side of the story, but he never has had that opportunity as yet, that I know of.

He simply swears by all that is holy that as far as that Guaranty Finance office is concerned there, as far as he is concerned, rather, there was no ulterior motives or anything else like that. If it weren't for that call and that information, that call from Mr. Olney first and then your contact, I don't believe that the Guarantee—or I mean the crime commission—could have ever accused the sheriff's office of not cooperating, because I want to say that I can tell you that we are the best cooperators in the world. We make mistakes, but every chief of police in the county, your Federal officers here and the FBI, all would come in and testify that they receive from the sheriff's office of Los Angeles County the best cooperation there is.

On that particular case I will say that something went haywire that shouldn't have gone haywire. If it hadn't been for that, we would have gone along nicely. I do feel there should have been a follow-up there, Mr. Robinson.

Now, I was on the Governor's crime commission. I have been on his different commissions with him for many years. I have been on his disaster council. I have been representing law enforcement for the entire State of California and have been reappointed by several governors every 4 years to sit on these different committees.

What I felt badly about afterward is when the crime commission report came out with that great blast, that hurts anybody in public office, that that could all have been obviated if there had been a follow-up, where if you could have come, and whoever it was, and said, "Sheriff, there is something going wrong; we had better look into it," but never did I hear any more from anyone that I know of about the follow-up so we could put our house in order if it had to be placed in order. You see, that crime commission report came out then. That is nearly 2 years ago, I believe; a year and a half ago. Then, when I was running for office here in the primaries, the crime commission report, verbatim or excerpts of it, were in the ads of my opposition, who spent \$125,000 to defeat me or to get their man on the ticket. Everything was in there from the crime commission report and why the sheriff had been derelict in his duties.

I will say right now, if that had been handled the other way, the sheriff would never have been accused of dereliction, because we have been in that office for many, many years. We have made a lot of mistakes, and this is my fifth term, but it has done me irreparable harm.

If it weren't for the fact that people have had a lot of confidence in my integrity, the harm would have been still greater.

I am president of the Pacific Coast International Police Association. I had to be at this convention because I am president of the association. Even up there I was startled by headlines on Sheriff Biscailuz, and so forth and so on.

That is the third time that I have been confronted with this crime commission report that had to do with the Guarantee Finance Co. Now what are we going to do?

Mr. HALLEY. Perhaps we can work this out right now, Sheriff, and get to the bottom of it.

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. I believe you have taken the position that something went haywire?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. Where did something go haywire?

Sheriff BISCAILUZ. Right there with Captain Pearson at that time, who has told me many times, with tears in his eyes—who has told me on several occasions it was not from a standpoint of trying not to do the right thing but it happened because he didn't have the men at the time.

Mr. HALLEY. The crime commission report states:

In spite of admissions of the principals of the company and the facts apparent from even a cursory examination, all of which were reported to Captain Pearson, Pearson said that this was not enough to establish that bookmaking was then being conducted at the place; that he could do nothing to assist in searching the upstairs rooms.

Sheriff BISCAILUZ. I read that in the report, I believe.

Mr. HALLEY. Do you know whether Pearson admits having been told those facts and having stated there was no evidence sufficient to enable the sheriff to assist?

Sheriff BISCAILUZ. I believe that Pearson himself felt there wasn't sufficient evidence for the sheriff to go into that particular building at the time, and that is why they were trying to get conspiracy complaints against them—they had been working, trying to get conspiracy complaints against them, and they did, by their surveillance and following these different cars, I know they were able to make knock overs in other parts of Los Angeles County.

Mr. HALLEY. Did you give Pearson discretion to decide whether he would assist the crime commission or did you tell him to do it?

Sheriff BISCAILUZ. I simply asked him at the time. I didn't even consider it an order at the time because it was just the ordinary thing to do. I thought there would be no more to it and that Pearson would have had the two men or more down there to help out.

Mr. HALLEY. Then Captain Pearson made a mistake; is that right?

Sheriff BISCAILUZ. Yes.

The CHAIRMAN. Did he tell you, when you passed on Mr. Robinson's request, that he didn't think that there was anything to do or sufficient evidence to do anything about it?

Sheriff BISCAILUZ. No; because that didn't come into it, Senator; that didn't have anything to do with that.

The CHAIRMAN. Did you order him to send somebody down?

Sheriff BISCAILUZ. I simply told him to give Mr. Robinson whatever assistance was necessary to carry out whatever Mr. Robinson intended to do. I think that is it, Senator.

The CHAIRMAN. Did you tell him that or write him that?

Sheriff BISCAILUZ. That was just by telephone.

The CHAIRMAN. Did Mr. Pearson call you back and say he wasn't going to obey your orders?

Sheriff BISCAILUZ. No.

The CHAIRMAN. What did you do to Mr. Pearson? Did you leave him on the job?

The CHAIRMAN. Yes; we kept him on the job because there was nothing that ever came to us that we could follow through from the standpoint of laxity, anything that came through that showed he was lax in his activities.

Senator TOBEY. Wasn't he transferred after that?

Sheriff BISCAILUZ. Yes; but not right away.

Senator TOBEY. This is no personal reference to you or your deputy, but the question that we have in our minds, as we go to these places, is whether it is through the work of these enforcement bodies, whether they are following the line of least resistance or whether there is a mighty fervor on the part of the sheriff's office and the police department to go out and get these people. We wonder whether these law-enforcement officers say, "We are going to get you, you can be sure." We want to know whether they are anxious to get these criminals, tugging at the leash to bring them in, or whether they are not too interested in bringing criminals in. Are your men enthusiastic over the job? Do they see the great things they can do, or do they sit back and say, "We are part of the sheriff's establishment, so what?"

Sheriff BISCAILUZ. As far as our department is concerned, it isn't 100 percent any more than any other organization, but I know that our organization knows that they never have been told, as yet to ever go easy on anyone. I have never had them in, even at election time, to vote for so and so. They have been on their own.

Now perhaps there are some in the office who are overzealous and we may have men in our office who probably would like to coast. They get close to retirement; and we have to watch all those things. As I say, we are not perfect; but I do know I only wish we could have organizations throughout the country that would think of things, I mean 100 per cent like that, be a 100 percent organization. Everyone has their failings, even myself, who happens to be the head of this department.

Mr. HALLEY. Now, Sheriff, in addition to Pearson's mistake, were there any other incidents surrounding the raid which might have created at least a question in the minds of the people who wrote this report about your office?

Sheriff BISCAILUZ. Not to my knowledge.

Mr. HALLEY. Have you read this report?

Sheriff BISCAILUZ. Yes, I did; but it has been some time ago.

Mr. HALLEY. Do you recall reading this portion, and let me read from the report:

One deputy sheriff appeared late in the day, unaware that the corporation commissioner's investigators were still present, and asked one of Kobey's employees, "Has the smoke blown over yet?"

Do you remember that?

Sheriff BISCAILUZ. I remember reading that. Then I checked on that, and it happens—I think that is the incident where we were selling tickets to our annual rodeo. This deputy was in there to sell tickets



to this organization, or whatever was in that building, and so forth. Whatever excitement came up at the time, he moved out and left there and then he came back afterward and said, "Has the smoke blown away?" The story I had was that this fellow was one of the ticket sellers from the Firestone station, who wanted to sell some of his tickets to the rodeo, and that is why he was asking if the smoke had blown away. I am not sure and I wouldn't say positively whether that is what you are talking about here or not.

The CHAIRMAN. That sounds like the first time he was in there and he saw they needed some help from the sheriff's office and then he ran out. He came back, after having done nothing about it, still trying to sell tickets in a place that had been raided.

Sheriff BISCAILUZ. Well, I am not too sure, again, and I don't want to make any statement here that I can't back up.

The CHAIRMAN. Did you investigate this fellow, this fellow who said, "Has the smoke cleared away?"

Sheriff BISCAILUZ. Our office, his captain and all, gave him a bill of health by stating that this man was all right and that he was not one who had to be disciplined.

The CHAIRMAN. Did you do anything about it yourself?

Sheriff BISCAILUZ. No; I didn't.

The CHAIRMAN. Don't you think you ought to have?

Sheriff BISCAILUZ. If I had had the right information.

The CHAIRMAN. You got this report a long time ago. Did you do anything about it then?

Sheriff BISCAILUZ. No. I just checked and they said that this man was a good deputy sheriff.

The CHAIRMAN. It doesn't sound like it. Did you do anything about it when you got this report?

Sheriff BISCAILUZ. No.

The CHAIRMAN. The plain inference from this report is, apparently, you have done nothing to contradict it, and that is that he first went there and the thing was in a mess; arrests were being made or should have been made, and he left the scene of action, not doing his duty or not doing anything to help. None of your people did anything to help. Also that he came back later still wanting to sell tickets to people who had been raided, and asked if the smoke had cleared as yet.

Sheriff BISCAILUZ. That was the report of a deputy coming in there.

The CHAIRMAN. Doesn't it sound pretty bad for a deputy?

Sheriff BISCAILUZ. It might; yes.

The CHAIRMAN. Not only the fact of his selling tickets to a sheriff's benefit to a place that had been raided, but he wanted to know if the heat was off yet so he could sell his tickets. Doesn't that sound pretty bad to you?

Sheriff BISCAILUZ. It would if the circumstances were that way.

The CHAIRMAN. Were they or were they not?

Sheriff BISCAILUZ. That is what I wasn't able to find out.

The CHAIRMAN. Did you call the man in yourself?

Sheriff BISCAILUZ. No.

Mr. HALLEY. Captain Jewell yesterday stated that, while he thought selling tickets to benefits was fine, that he certainly didn't think a deputy sheriff should sell a ticket to a benefit to anybody who was under suspicion. Is that your view of the matter?



Sheriff BISCAILUZ. I don't think tickets should be sold for any worthy benefit to a place like that. He shouldn't go to those who were of that type of character, who would be expecting favors, because they had supported the sheriff's organization. I agree with you on that.

Mr. HALLEY. Is it not a fact that the Guaranty Finance officers were and had been for some months under very definite suspicion by your office and under investigation?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. So that it would appear that your deputy sheriff should not have been selling tickets there at all but should have been investigating this place at arm's length?

Sheriff BISCAILUZ. He was a patrolman. Of course, I will say this, that every deputy sheriff in all of our substations are authorized now to be responsible. The captain, in other words, of each station is made responsible for vice in his particular area. Of course, I don't want to get off the subject, but I will say that anyone selling tickets to one who was of a shady reputation should have better judgment, unless this man didn't have anything whatever to do with our organization. But you can't cut it that fine. I will say the only way to do it is not sell tickets to people who want favors in return.

Mr. HALLEY. The ticket seller was a deputy sheriff, was he not?

Sheriff BISCAILUZ. That is something I am not sure of.

Mr. HALLEY. Didn't you investigate this report of the crime commission to find out who it was that did this thing?

Senator WILEY. Was this man on the regular payroll? Deputy sheriffs lots of times are those deputed for the occasion, or may be simply someone temporarily authorized. I wondered if he had any particular status in this organization.

Sheriff BISCAILUZ. That is something right now I couldn't tell you, sir.

The CHAIRMAN. Do you know who the deputy sheriff was?

Sheriff BISCAILUZ. Not now, sir.

Mr. HALLEY. In any event, would you say after he made his first appearance and found the place being investigated and raided, that it was bad judgment on his part to come back in later and try to sell tickets?

Sheriff BISCAILUZ. If this deputy sheriff knew that this place had been raided and it was a place that proved to be what it was, I would say then he should have been disciplined and suspended.

Mr. HALLEY. Wouldn't the expression, "Has the smoke blown over yet?" indicate that his sympathy was on the side of the Guarantee Finance people rather than on the side of the people who were causing the smoke?

Sheriff BISCAILUZ. That is a matter of opinion, sir.

Mr. HALLEY. How do you interpret it, Sheriff?

Sheriff BISCAILUZ. If it was a raid and if this place was, in the knowledge of the deputy, a place such as it was, then he had no reason for being in there, unless he was doing something to enforce the law.

Mr. HALLEY. If he was in there and he said to the employees of the place, "Has the smoke blown over yet?" do you interpret that as showing his sympathy was on the part of the lawbreakers rather than on the part of the law-enforcement officers?

Sheriff BISCAILUZ. I would say, if he had knowledge that it was a place where the law was being broken, then he was not caring very much about these people breaking the law.

Mr. HALLEY. The name of the deputy is Ralph Glavin, I have been so informed. Do you know if he was a regular?

Sheriff BISCAILUZ. I couldn't say; I would have to check.

Mr. HALLEY. There were certain other incidents that came to your attention, were there not?

Sheriff BISCAILUZ. What, for instance?

Mr. HALLEY. Before we get to that, Mr. Robinson points out that Glavin is now a detective sergeant. Did you know that?

Sheriff BISCAILUZ. I know there is a Glavin who is a detective sergeant. We have a lot of detective sergeants that work out in the field that do not come in contact—that I do not come in contact with, unless I happen to be in the district and meet them personally.

Mr. HALLEY. This is Ralph Glavin at the Atlantic station. Was he a regular employee?

Sheriff BISCAILUZ. How would he be if he was that.

Senator TOBEY. He has a better job now than he had then. Is that a reward of merit?

Mr. HALLEY. Now, Sheriff, how long prior to that raid was your office aware of the suspicions against the Guaranty Finance Co.?

Sheriff BISCAILUZ. As I said, much of that information is in this report here that was made.

Mr. HALLEY. Several months, would you say, anyway?

Sheriff BISCAILUZ. Yes.

Mr. HALLEY. On one occasion you were informed that a Lieutenant Fiske—

The CHAIRMAN. The report goes way back to 1946.

Mr. HALLEY. The chairman points out that the report and the observations go back to 1946.

Sheriff BISCAILUZ. I didn't have any knowledge of it in 1946. My knowledge of it came about 1948 or 1949; personal knowledge.

Mr. HALLEY. Did it come to your attention on one occasion that a Lieutenant Fiske of the police department actually went outside of the city limits and raided the Guaranty Finance offices, by going through a skylight and getting into the premises?

Sheriff BISCAILUZ. I was told that he had; yes.

Mr. HALLEY. Did you attempt to take any action on the basis of his raid?

Sheriff BISCAILUZ. No.

Mr. HALLEY. Then on a second occasion Lieutenant Fiske did the same thing, did he not, raided the place again?

Sheriff BISCAILUZ. I am not sure about that. I know that Fiske came into the picture on occasions.

Mr. HALLEY. Isn't it a fact that a letter was written by Capt. Al Guasti of your office, complaining about this police officer going outside of his jurisdiction?

Sheriff BISCAILUZ. I have never seen that letter and I have had denial after denial from Guasti himself. I have never seen that letter and cannot find that there had ever been such a letter.

Mr. HALLEY. Have you spoken to Assistant Chief of Police Joseph Reed, who stated in this report that he had received such a letter?

Sheriff BISCAILUZ. I have not, no.

Mr. HALLEY. As far as you know no complaint was made asking that Lieutenant Fiske be ordered to refrain or to stop his investigations into the county?

Sheriff BISCAILUZ. Not to my best knowledge.

Mr. HALLEY. Did other complaints come to you about the Guarantee Finance Co.?

Sheriff BISCAILUZ. No.

Mr. HALLEY. Do you recall having received complaints from the telephone company?

Sheriff BISCAILUZ. Not directly. I think those have gone right to our vice squad. I don't remember directly receiving any complaints.

Mr. HALLEY. Did you receive a letter directly from the crime commission?

Sheriff BISCAILUZ. In August, was it?

Mr. HALLEY. In August of 1948.

Sheriff BISCAILUZ. That I would have to refresh my memory on.

Mr. HALLEY. It states in their report:

In August of 1948, reports coming to the attention of this commission confirmed the extent of the bookmaking activities of the Florence Avenue address, information parallel to that received from the Los Angeles Police Department many months prior.

The letter was addressed by the commission to the sheriff's office that month directing attention to these activities and forwarding copies of anonymous communications which had been received by the commission concerning the nature of the finance company's business. Did you personally see those?

Sheriff BISCAILUZ. Not to my knowledge. I don't remember, but they could have been received and gone directly over to the vice squad, unless they were addressed personally to me.

Mr. HALLEY. The commission's report goes on to say:

That the sheriff's office subsequently responded that the activities at the Florence Avenue address were confined to distributing scratch sheets and other accessories used in bookmaking and there appeared to be no violation of law upon which action could be initiated.

That would indicate no action was taken?

Sheriff BISCAILUZ. According to that letter, as to that particular function.

Mr. HALLEY. In addition to the crime commission advising your office and in addition to the raid made by Lieutenant Fiske, did you not get in your office a series of complaints by the telephone company?

Sheriff BISCAILUZ. Not directly.

Mr. HALLEY. But they went to your office?

Sheriff BISCAILUZ. Again they would go to the vice squad, unless personally directed to me.

Mr. HALLEY. They would go to Captain Pearson?

Sheriff BISCAILUZ. If he were in charge of that at that time; yes.

Mr. HALLEY. There is one thing in the report which states about a location on Whittier Boulevard, as follows—this is a letter from the phone company to your office:

This location is next door to our public office on Whittier Boulevard. It was reported on December 17, 1947, when Mr. Bragg had a single line. It was reported again when the service was changed to a rotary. Installer stated definitely bookmaking. Manager feels it is not helping our public relations in



that district to have a bookie next door to an office where we take applications for service. Too many people who cannot get a telephone call attention to the fact that bookies can get telephones and why can't we?

It states that it was given to Captain Pearson on November 19 at approximately 9:15 a.m.

Now, with such specific information from the telephone company, from the police department of Los Angeles, and, at least, some information from the California Crime Commission, can you explain how it is possible that your office couldn't obtain the evidence to convict the Guarantee Finance Co.?

Sheriff BISCAILUZ. Do you have the follow-up on that? What action was taken? Does it say whether Pearson did make a knock-over or what? I have no way of knowing now what he did at the time with that information.

Mr. HALLEY. The company did continue in business, did it not? I am not referring so much at this point to the specific bookie; I am talking of the entire operation.

Sheriff BISCAILUZ. I couldn't answer that without checking the files and seeing what Captain Pearson did at the time or what was done.

Mr. HALLEY. Wouldn't Captain Pearson be accumulating enough information, or shouldn't he have accumulated enough information to enable him to go ahead and do something about this bookmaking operation at the Guarantee Finance Co.?

Sheriff BISCAILUZ. He is a fellow, as I know from past dealings with him, who is very thorough in his work and knocks places over whenever he had the evidence to do it.

Mr. HALLEY. Doesn't it strike you that in this particular case, whereas you say he made the mistake of refusing to assist in the raid, and where he had this information brought to his attention, that there may be some justification for the feeling you referred to earlier in your testimony among some people, that it is easier to operate in the county than it is to operate in the city?

Sheriff BISCAILUZ. I would never say it was easier to operate in one place over another. That is an assumption and it is not fair to the jurisdiction that might be involved in it. It is all a matter of circumstances.

Mr. HALLEY. Are the circumstances here such as to indicate that the sheriff's office vigorously attempted to prosecute this Guarantee Finance Co.?

Sheriff BISCAILUZ. All I can say is, from the reports he gave me, and he is still available himself for interrogation, personally.

Mr. HALLEY. The crime commission and the corporation commissioner's office, their raid resulted in convictions of eight individuals, did it not?

Sheriff BISCAILUZ. That is right.

Mr. HALLEY. The bookmaking operation turned out to be a very large one, I think aggregating something like \$7,000,000 a year.

Sheriff BISCAILUZ. I don't know how much, but it was considerable.

Mr. HALLEY. Do you think that your office acted vigorously in this matter, as compared to the Crime Commission and the Corporation Commissioner's office?

Sheriff BISCAILUZ. I have already said, in not assisting at the time that Mr. Robinson asked for that assistance—well, I wouldn't call it a mistake.



Senator TOBEY. Does your office feel a deep sense of humiliation that this thing was uncovered in your bailiwick by people outside of your bailiwick? Don't they feel a deep sense of humiliation that this could happen right under your nose?

Sheriff BISCAILUZ. Nobody likes to have anything happen in their jurisdiction, Senator.

Senator TOBEY. Now, I am simply asking, and it isn't in an unkind way, did you then follow through and try to find out what was wrong and what was the matter with the morale of your department, that they were not on their toes?

Sheriff BISCAILUZ. This man here, Pearson, mentions there in the report about the conspiracy complaints at the time they were working on. In other words, the knock-over by the corporation commissioner prevented him, as he says, from getting his conspiracy complaint. That is something he will have to answer, of course.

The CHAIRMAN. The thing is: Did you call in Pearson and say, "Why didn't you do something about this yourself?" Did you put him on the carpet, so to speak?

Sheriff BISCAILUZ. I did; yes. That is what I say. I told him absolutely that I felt that he should have utilized every means to have gotten the men for Mr. Robinson. They were out at the time and, as I say, it was something that should not have been allowed to happen.

Senator TOBEY. What did you really do? What you really did was just slap his wrist.

Sheriff BISCAILUZ. Not necessarily.

Senator TOBEY. What else did you do?

Sheriff BISCAILUZ. We dressed him down quite a little, sir.

Senator TOBEY. Does he bear any scars?

Sheriff BISCAILUZ. No.

Senator TOBEY. Did he lose any money?

Sheriff BISCAILUZ. No.

Senator TOBEY. Did he suffer any time off?

Sheriff BISCAILUZ. No.

Senator TOBEY. Did he suffer any loss whatsoever because of his bad behavior?

Sheriff BISCAILUZ. No; because, again, those things can happen in any organization. We are a large organization. It is one of those things that we are sorry happened as it did. The knock-over was made and it wasn't like losing a murder case because, at least, the knock-over was made.

Mr. HALLEY. Do you know whether a man named Hymie Miller conducted a bookmaking operation in Culver City?

Sheriff BISCAILUZ. I know a Hymie Miller that has been a bookmaker for a long time. He has a reputation. There was a knock-over made in Culver City just 3 or 4 months ago.

Mr. HALLEY. Do you know if that was made by your office or the Culver City police?

Sheriff BISCAILUZ. I am not sure; it could have been made by either of them, and we could have assisted if we were asked to come in. It should have been made by the chief of police of Culver City or his department.

Mr. HALLEY. In a situation where you know a man such as Hymie Miller has been operating as a bookmaker for a long time, do you try to keep tabs on him and survey his activities?

Sheriff BISCAILUZ. You mean our office and the men in our office that have that duty to perform?

Mr. HALLEY. Of course that is what I mean.

Sheriff BISCAILUZ. Yes.

Senator TOBEY. I think Hymie Miller just left this room about 10 minutes ago. I didn't see anybody tailing him.

Sheriff BISCAILUZ. Some of these questions are hard questions to answer. I can answer for a lot of things, gentlemen, but take, for instance, this building that we are in, this is Federal property, and that happens to be in the city of Los Angeles, too, and we are held accountable for enough things without taking in more territory that we should be blamed for like Culver City.

Mr. HALLEY. What I am trying to ascertain is whether an operation like that of Miller's would be something that would result in your office bringing about the arrest or whether it was accomplished independently of your office.

Sheriff BISCAILUZ. Here is what happens. There isn't a month that goes by that our office does not assist a small police department in the county in knocking over bookies. We have a record a mile long that we can show you where we have done that. We can show you, where the force in that locality is inadequate to do the work that they should do, that they call upon us. I would like to explain this here, also, that at the present time the district attorney's office and the sheriff's office have a combined squad that has been in operation for about 2 months now. We called all the chiefs of police of Los Angeles County into a meeting, I mean the board of supervisors did, which resulted in where the district attorney and I both told them of our new plan; that was to combine our vice squads, and that we wanted their help and cooperation in every way. If that wasn't forthcoming, then we were going to forget these jurisdictional lines and go in ourselves and make knock overs in any city of the county, as well as the unincorporated areas. We have a very fine record on that now, since we have had this combined thing.

At the same time I issued orders to every one of our captains in the stations and made it their duty—that didn't used to be considered good police work for uniformed men to handle vice; they were supposed to handle their own work and call in at any time that there was a place that may be running a bookie place or gambling place, and they would just call that information in—that was customary for years.

The CHAIRMAN. We have heard testimony about this combined squad. I think it is a very good idea. You have a large county with unincorporated and incorporated sections, and to have a combined group working together and exchanging information is a splendid idea. But the question is, How come this wasn't put into effect a long time ago?

Sheriff BISCAILUZ. All I can say is that it is just like anything else that comes along.

The CHAIRMAN. What happened 2 months ago that got this started?

Sheriff BISCAILUZ. The district attorney and I got together and started talking about the proposition of just trying to do something more effective than we had done in the past. I know it was a fine idea, and I know, as the district attorney told these people, it was

for keeps and it wasn't just an idle gesture to last 3 or 4 months and then to separate the squads again.

Senator TOBEY. Do you have your own homicide squad?

Sheriff BISCAILUZ. We don't call it homicide squad any more, but it is part of our detective bureau, sir.

Mr. HALLEY. Would you say that since the raid on the Guaranty Finance that law enforcement in the county has tightened up somewhat?

Sheriff BISCAILUZ. I think law enforcement, regardless of the Guaranty Finance, to a great extent has tightened up. I really believe there is more effective law enforcement now than in other times. I don't believe, sir, that there are many people that don't want to do a good job in law enforcement. There are a lot of things sometimes that prevent better law enforcement than at other times, but we are striving at all times, at least we learn every day by the mistakes that we made yesterday, and trying to profit by that.

Mr. HALLEY. Until about a year or a year and a half ago, did certain gambling operations operate in the county?

Sheriff BISCAILUZ. Certainly there has been gambling; yes. As I say, I will never be able to eradicate gambling or prostitution or bookmaking in any place entirely, whether it is in a city or in the county of Los Angeles or where it may be. There will always be such an animal, but at the same time I will assure you that everything is being done to obliterate, if possible, that type of business, but you never will, as long as there is a human being alive on two feet, find that there is going to be a city or a county in the entire United States of America that is going to be free from gambling and bookmaking. The thing depends to some extent how we can minimize it; that would be the job of our office, the office itself and the men in it, to sincerely try to minimize that type of thing as much as we can.

Mr. HALLEY. Do you keep advised of the apparent means of your deputies, whether any of them have a manner of living that might appear to be in excess of that justified by their salaries?

Sheriff BISCAILUZ. Well, we have a captain of personnel that handles everything that has to do with the matter of the personnel of the deputies. I know well enough that if I would notice one of our deputies riding around in a Cadillac, and things of that sort, that I would begin to find out whether someone left him a Cadillac or whether he was heir to a fortune of some kind or other. I don't think you will find, in our office or any other office, very many men in police work that are doing any more than having a hard time getting along.

Mr. HALLEY. You do not have any wealthy deputies?

Sheriff BISCAILUZ. I wouldn't say that; I don't know. If there are any wealthy deputies, they have kept it quiet.

Mr. HALLEY. Do you remember at the time that publicity was given to certain microphone recordings at Mickey Cohen's residence, that there was some reference to a Guasti owning a piece of a gambling place at Burbank?

Sheriff BISCAILUZ. It was rumored around; I heard that; yes.

Mr. HALLEY. Did you state to the press at that time that it was some other Guasti, other than the Guasti with your department?

Sheriff BISCAILUZ. I never made such a statement to the press or anybody else, because I wouldn't know what Guasti it was. There



is a Guasti family here that are very respected and have been in the winery business for generations, so I wouldn't make any such statement that it was some other Guasti or anybody else, because I didn't know and still don't know.

Mr. HALLEY. I presume you checked with your Captain Guasti and received a denial from him.

Sheriff BISCAILUZ. Naturally; anything that comes up on this case or anything like that—I don't remember about that particular thing, though—but we do know from information that comes to us, and we certainly check to see whether, at least to the extent of getting a denial, we at least try to get that if we can't get anything further.

Mr. HALLEY. You don't recall having made a personal check about your Captain Guasti as to this situation?

Sheriff BISCAILUZ. No.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Any further questions?

Mr. HALLEY. Let me ask just a few more questions.

Do you know whether any of your deputies had obtained loans from the Guarantee Finance Co.?

Sheriff BISCAILUZ. I heard that rumored either in that report or in the press that there had been loans made to deputy sheriffs and police officers from the Guarantee Finance.

Mr. HALLEY. Did you make any effort to check on that?

Sheriff BISCAILUZ. That only got to the rumor stage, and another thing, the Guarantee Finance at one time, at least, had a cloak of respectability, the way I have been told. The time I did check on it, at first it could have very possibly been not only for deputy sheriffs but people in the business world who did borrow money from the Guarantee Finance, thinking it was a legitimate firm.

Mr. HALLEY. Did you make no effort to ascertain the facts with reference to the particular charges?

Sheriff BISCAILUZ. There had been no charges.

Mr. HALLEY. You say you had heard rumors?

Sheriff BISCAILUZ. We hear rumors every day about anything.

Mr. HALLEY. Did you make any attempt to find the source of the rumor?

Sheriff BISCAILUZ. No; there are too many around Los Angeles.

Mr. HALLEY. You never made any effort to check this particular rumor?

Sheriff BISCAILUZ. But I did find, from the standpoint of our office, that we were free and clear from any borrowing, the borrowing of any money there, as far as the information I received.

Mr. HALLEY. Did you check with the individual deputies?

Sheriff BISCAILUZ. The deputies named didn't come to me. I don't even know who the deputies are or if they borrowed money there or not. The rumor simply said deputy sheriffs had been accused of borrowing.

Mr. HALLEY. Did you ask the people who had possession of the books to advise you if any deputies had made loans?

Sheriff BISCAILUZ. No. It was just the rumor stage. It never went any further than that.

The CHAIRMAN. Who had the books?

Mr. ROBINSON. I had the books.



Mr. HALLEY. You didn't ask him if any deputies made loans?

Sheriff BISCAILUZ. No, I didn't.

The CHAIRMAN. Is that in the California Crime Commission report?

Mr. ROBINSON. I think there was reference in there to it; wasn't there? I don't really remember.

The CHAIRMAN. I think I read it in the report yesterday. If they made loans thinking it was a legitimate concern, there wouldn't be necessarily any blame connected with it, but over a period of about 3 years before it was raided, it was well known in the sheriff's office that the thing was under investigation and that it was thought that, while it had a legitimate front, it was actually a bookmaking activity. So that most of your people would have known or had a suspicion about the organization, wouldn't they?

Sheriff BISCAILUZ. Yes; but, on the other hand, I have not heard the names of any men in our organization that borrowed from this outfit.

The CHAIRMAN. The point is, When an accusation like that is made, or even a rumor, don't you think there is some obligation on your part to find out what the situation is? You shouldn't have to sit back and wait until the evidence is presented to you. It seems to me you should be on the initiative to ascertain the facts about it. Now, I am not impugning your motives. I want to say frankly you look like a good, honest man to me. We are only asking questions about whether there might have been some things in this connection that you should have done that you didn't do.

Sheriff BISCAILUZ. There is no doubt in my mind and there isn't one of us sitting here or anywhere else that from time to time may neglect to do certain things that maybe they should have done. I am not infallible, but usually I do know pretty well what kind of an organization I have, but I don't remember anything coming out excepting in the papers about loans having been allegedly made. To answer your question, I did not find and did not investigate whether any loan had been made to any of our men.

Mr. HALLEY. According to the crime commission report, loans were made to deputy sheriffs and to police officers of the Los Angeles Police Department, and then the report goes on to say that the police department investigated all of its officers whose names appeared in the Guaranty Finance records. Of course, the question was whether you took a similar precaution.

Sheriff BISCAILUZ. You can ask that question again and again. I am assuming the responsibility; whether it was done by one of our captains or not, I don't know, but I am assuming the responsibility. It might have been done in our office when that thing came up. At the same time I would not say that an investigation had been made.

The CHAIRMAN. Is someone named Hills, a Jean Hills, a secretary in your office?

Sheriff BISCAILUZ. I don't know that name.

The CHAIRMAN. Was some letter written to tell this fellow Fiske to stay out of the county and not come around messing things up in the county?

Sheriff BISCAILUZ. That question was asked.

The CHAIRMAN. You don't know about it?

Sheriff BISCAILUZ. I never heard of the letter, and received a denial from the man who is accused of having written the letter, and he said he never had written such a letter.

The CHAIRMAN. Was any order issued for captains in the precincts around the Strip to not close up some of those places out there?

Sheriff BISCAILUZ. I want to say to you, Senator, right now, that as long as I have been in that office——

The CHAIRMAN. I am not talking about you.

Sheriff BISCAILUZ. Then nobody else would have a right to issue such a letter. If they did and it came to my attention, absolutely, action would be taken because they would have no right and the policy of the office is not to show favoritism to any group or to any outfit.

The CHAIRMAN. A good many places did operate on the Strip, gambling places, years ago while you have been sheriff?

Sheriff BISCAILUZ. Yes; I remember from time to time they did, but we knocked them over, too. They would go from place to place. We found them and harassed them.

The CHAIRMAN. Is there a community called Gardena in the county?

Sheriff BISCAILUZ. They have draw poker there, and that is one of the places where we have this squad of ours going out there every night. They have an ordinance where they can have poker clubs and where they play poker.

The CHAIRMAN. Has that been ruled illegal by the State?

Sheriff BISCAILUZ. No, sir.

The CHAIRMAN. So this draw poker is still legal?

Sheriff BISCAILUZ. And they are still running full blast.

The CHAIRMAN. On the theory that it is a game of chance?

Sheriff BISCAILUZ. And an ordinance voted in the community by the people themselves.

The CHAIRMAN. I thought under Attorney General Howser's rule, he ruled it legal but that his opinion had been reversed.

Sheriff BISCAILUZ. They are still going on, I know that. There has been no attempt to close them from a legal standpoint.

Mr. ROBINSON. Was there an occasion, Sheriff, when Mickey Cohen asked that a bodyguard be assigned to him by your office?

Sheriff BISCAILUZ. Yes.

Mr. ROBINSON. Did you comply with that?

Sheriff BISCAILUZ. No.

Mr. ROBINSON. Did the attorney general?

Sheriff BISCAILUZ. I think they had a bodyguard for him.

Mr. ROBINSON. The attorney general's office did?

Sheriff BISCAILUZ. Yes.

Mr. ROBINSON. That was Harry Cooper; is that right?

Sheriff BISCAILUZ. Yes.

Mr. ROBINSON. Were you asked to refrain from moving on Mickey Cohen during the time that bodyguard was with Mickey?

Sheriff BISCAILUZ. Let me get this straight now. That was before the shooting or after?

Mr. ROBINSON. Before the shooting.

Sheriff BISCAILUZ. Before the shooting, there was some work being done, that is right, and we had been asked that we refrain, I mean, not follow him around, that it might spoil the job that was being done or attempting to be done.

The CHAIRMAN. That you not make any investigation of Mickey Cohen while they had this bodyguard with him?

Sheriff BISCAILUZ. I don't really know.

The CHAIRMAN. Was that the request?

Sheriff BISCAILUZ. Repeat that, if you will.

The CHAIRMAN. Mickey Cohen or someone applied to you for a bodyguard and you didn't assign him one, but the Attorney General, Howser, assigned him a bodyguard; is that correct?

Sheriff BISCAILUZ. This man Cooper, whether you call him a bodyguard or not, I don't know, but he was with him.

The CHAIRMAN. The request was made of you that you make no investigation of Mickey Cohen as long as the bodyguard was assigned to him?

Sheriff BISCAILUZ. Well, I don't know about the word "investigation," but not to harass him at that time.

The CHAIRMAN. What was the idea of that?

Sheriff BISCAILUZ. I don't know. In law enforcement you have different branches and they may be working on something, and we always try to cooperate together. We would naturally listen to a request like that. Like the Los Angeles Police Department would ask us in particular case to help them more by not doing this, that, or the other thing. It is possible that those things could have been done, but I do remember that the request was made for us not to follow, you might say, too closely.

The CHAIRMAN. Did you stop your investigation of him?

Sheriff BISCAILUZ. No.

The CHAIRMAN. Did they ask you, Sheriff, about the operations of Brophy since wire service went out of the State? By the way, do you know this fellow Brophy?

Sheriff BISCAILUZ. I know of him. I met him many years ago.

The CHAIRMAN. Does he still have a place in Los Angeles County?

Sheriff BISCAILUZ. I don't know, sir.

The CHAIRMAN. It is alleged he attempts to furnish bookie information by getting it from the radio. Do you know if that is true or not?

Sheriff BISCAILUZ. No, I do not.

The CHAIRMAN. Mr. Brophy testified before the Interstate Commerce Committee of the Senate, that while the Continental went through the State of California there weren't any outlets in the State of California, that he was operating or attempting to operate and give bookie information from the tracks and from Tiajuana by short-wave radio, and that he had an operation and was continuing his operation in Los Angeles County.

Sheriff BISCAILUZ. It has not come to my attention. It might have to our office but not to my attention.

The CHAIRMAN. Do you know anything about the operation of Brophy at all?

Sheriff BISCAILUZ. Just by reputation. I think he was in a lawsuit on the wire service some years ago. I can't quote what happened there, but, at least, it went up either to the district court of appeals or to the Supreme Court. There was a decision on that; you can probably get it or perhaps you remember it. I can't recall or remember the phraseology but at least it went up.

Mr. ROBINSON. That was the case of *Brophy v. The State of California*.

The CHAIRMAN. Brophy is Mr. Ragen's son-in-law?

Sheriff BISCAILUZ. That is what I understand.

The CHAIRMAN. Anything else, gentlemen.

Senator WILEY. No questions.

Senator TOBEY. Nothing further.

The CHAIRMAN. It is not our province, Sheriff, to tell people what to do. We are only interested in interstate operations. If we find there has not been a vigorous prosecution of interstate operations we try to find out why. If there is any political interference or law-enforcement interference, we try to find out about that too.

Now, you appear to be a respectable and honest and a well-meaning man. The complaint about the Guarantee Finance Co. is one of interstate operations that we would have something to say about, and that seemed to be that you assigned the matter to other people and did not pay very much attention to it yourself and that they didn't do a very good job in, first, ascertaining what this operation was; it was fairly open and notorious over quite a period of time. In the second place, when somebody else came in to assist them and to really take the ball in doing what they should have done a long time ago, they didn't even assist them in their operation. So what the committee said about the general office of the sheriff in connection with the Guarantee Finance Co., while making no personal implication to you or your integrity or your good will about the matter, it would still be the opinion of the committee, as stated previously, on the Guarantee Finance Co. matter.

We know that you are sorry about it. We admit that everybody makes mistakes, and I suppose the Senate and the members of this committee make as many as anyone else.

Sheriff BISCAILUZ. Yes, we all do.

The CHAIRMAN. The committee will stand in recess until 9:30 o'clock tomorrow morning. We will endeavor to finish by 1 o'clock.

(Whereupon, at 6 p. m., November 17, 1950, the committee recessed, to reconvene Saturday, November 18, 1950, at 9:30 a. m.)



# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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SATURDAY, NOVEMBER 18, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

## EXECUTIVE SESSION

The committee met, pursuant to call of the chairman, at 9:45 a. m., in the Federal Building, Los Angeles, Calif., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel; Harold G. Robinson, associate counsel and chief investigator; William G. Ruymann, special counsel to the committee; Herbert Van Brunt, special representative to the committee; and Julius Cahn, administrative assistant to Senator Alexander Wiley.

The CHAIRMAN. The committee will come to order.

## TESTIMONY OF W. L. BURT, TAX CONSULTANT, LONG BEACH, CALIF.

The CHAIRMAN. Mr. Burt, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BURT. I do.

The CHAIRMAN. Mr. Burt, are you a lawyer at Long Beach?

Mr. BURT. No; I am a tax consultant. I practiced law in Arkansas.

The CHAIRMAN. But you are a tax consultant in Long Beach?

Mr. BURT. Yes, sir.

The CHAIRMAN. Is that a part of Los Angeles County?

Mr. BURT. Yes, sir.

The CHAIRMAN. Is Long Beach an incorporated city?

Mr. BURT. Incorporated city; yes, sir.

The CHAIRMAN. It is south of Los Angeles?

Mr. BURT. South of Los Angeles, on the ocean.

The CHAIRMAN. You prepare tax returns for a number of gamblers in Long Beach, bookmakers?

Mr. BURT. A small number.

The CHAIRMAN. How about Dick Rains?

Mr. BURT. I never prepared his income tax. I have given information to the tax—he runs the Garden of Allah—and I have given him information on how to take out the withholding tax and social-security tax.

The CHAIRMAN. That is a gambling operation?

Mr. BURT. No; the Garden of Allah is a large restaurant and bar.

The CHAIRMAN. Doesn't Rains operate a gambling operation?

Mr. BURT. That is the rumor. I couldn't say. I don't gamble, so I have never been in there.

The CHAIRMAN. Warren Sutter, is he one of them, too?

Mr. BURT. Now, I know Warren Sutter.

The CHAIRMAN. What gambling places or what gamblers do you prepare the income tax for?

Mr. BURT. The reason I know they are gamblers, when they come in and I prepare their income tax, though, I put it down as bookmaking and gambling. Joe Irvine prepared theirs—I prepared his. A fellow by the name of Castello and Max Travis.

The CHAIRMAN. On some occasions have you helped them get telephone service?

Mr. BURT. I have; yes, sir.

The CHAIRMAN. Tell about that.

Mr. BURT. Well, over at Seal Beach Mr. Rains there, for the Garden of Allah, tells me he wants some phones and I assisted him as much as I could in getting the phones, and also Travis, the contractors. Of course, those fellows that gambles, they have other ways too, and I helped him secure some phones.

The CHAIRMAN. But you helped them secure phones for their bookmaking operations or their gambling establishments?

Mr. BURT. They came to me. It is business. I go up to the phone office with them.

The CHAIRMAN. They have got quite a number of phones?

Mr. BURT. Let's see, Travis only has one over at Los Alamitos. I don't know just how many Dick Rains has.

Senator TOBEY. What were your particular influences to get telephones?

Mr. BURT. None at all. Just tell them they would have to go up and sign for them and that—I have no influence with the telephone company. I just simply know how to get up the papers, tax papers, and so forth.

The CHAIRMAN. What is this thing here, this photostat?

Mr. BURT. That was a place that Mr. Lee Miller, a building that he had the lease. Now, he had all this to lease and drew a diagram of it here. I was in Olson's office at the time, and Travis leased this particular part of the building from him. And this here was a beauty shop. This was merely—he wanted to lease all this. He wanted to lease all of it, get it leased out so he drew a diagram there [indicating].

The CHAIRMAN. Wasn't part of that a gambling operation or a bookie operation?

Mr. BURT. This is where the contractors were supposed to be.

The CHAIRMAN. That is a front for a bookmaking operation, isn't it?

Mr. BURT. Travis is a bookmaker. I don't know anything about White.

The CHAIRMAN. Is it pretty well known that these places were operating in Long Beach, generally?

Mr. BURT. Well, I will tell you, just to say this, that as far as Long Beach gambling is concerned there is no secret of it, as I see it. I think

the policemen would have to be dumb and blind to not know that there is bookmaking going on.

The CHAIRMAN. It is operating wide open now, isn't it?

Mr. BURT. It is the same as it has been. I don't know there is any secret about it.

The CHAIRMAN. Anybody can go into these places and make a book?

Mr. BURT. Yes.

The CHAIRMAN. Who is this man that testified or swore that he paid off Howser?

Mr. BURT. Here is the way it was. That is a well-known fact down there among everybody. A fellow by the name of Malloy—and when Fred Houser is running for attorney general first, as I told you there, the only way I know Fred Houser is that he was assistant prosecutor there. I simply know him.

The American Legion around the different lodges, or something like that. When he was running for attorney general they were making up a lot of money for him, I understood. This fellow Malloy was one of the collectors that went out and collected from Tom, Dick, and Harry; other people was running Houser's campaign. And Malloy made an affidavit or something that Joe Irvine, over at Brady's place, gave him \$1,200 to take up to Houser, which he done.

Senator WILEY. That is for a campaign fund?

Mr. BURT. That is just a rumor. I don't know anything about. Anybody can tell you as much as I could tell you because everybody could tell you about that.

The CHAIRMAN. He testified to that in an open hearing. Joe Irvine is a bookmaker?

Mr. BURT. Joe Irvine is a bookmaker and makes out on his returns that way.

The CHAIRMAN. You make out his returns?

Mr. BURT. Yes, sir.

The CHAIRMAN. Is he a big bookmaker?

Mr. BURT. I wouldn't say Joe is such a big bookmaker; no. Joe has other interests. Joe has quite a little real estate around town. He owns the Broadway Bar.

The CHAIRMAN. Is he a well-known bookmaker or gambler in Long Beach?

Mr. BURT. Yes, sir; he is. He owned the Broadway Bar at one time.

The CHAIRMAN. What is the general information relative to how these places operate without the police doing something about it?

Mr. BURT. As I say, as I told you, Senator, I am well acquainted with most of the high police authorities there in Long Beach in just a passing way, knowing them, but as far as me knowing anything that they have any connection with the bookmakers, I don't, because I have no connections with the police department of any kind whatever.

Mr. ROBINSON. Your chief of police was recently appointed?

Mr. BURT. Yes, a man by the name of Dovey.

Mr. ROBINSON. He was formerly city manager of Vallejo?

Mr. BURT. No; Dovey has been in the police department for, I believe, about 23 years down there and had been trying to get to be chief for a number of years, and then when this last man went out they made him chief.

Mr. ROBINSON. Was Walter Lentz the former chief of police in Long Beach?

Mr. BURT. That is right.

Mr. ROBINSON. He was then chief investigator for the attorney general?

Mr. BURT. For the attorney general's office at that time, and he was indicted over this—indicted not over this same proposition but I guess Malloy was over there testifying.

Senator TOBEY. Is Houser the attorney general?

Mr. ROBINSON. The chief aide was Walter Lentz.

Senator WILEY. What was he indicted for?

Mr. ROBINSON. Tampering with a Federal witness.

The CHAIRMAN. Here, apparently, you paid the telephone company \$100 for Travis and White?

Mr. BURT. Yes, this \$100 was \$100 that they had to put up.

Senator WILEY. What is the date of it?

Mr. BURT. This is November 2, 1949. That is when this phone was put in there at this particular place here, where there was going to be this contracting business. In putting phones outside of—especially outside of the city limits of Long Beach, where they are more expensive, lots of times the telephone company requires \$100 deposit, of which the man deposits and they pay 6 percent on that money at the end of the year. If the man has kept his bills up promptly, this \$100 is refunded to him together with the 6 percent interest, making \$106.

The CHAIRMAN. Who is Captain Burt?

Mr. BURT. I am Burt. I am W. L. Burt.

The CHAIRMAN. What is this about? [Document handed to witness.]

Mr. BURT (reading):

Captain Burt, Ed Kammerer got this thing straightened out this morning. Back in his name. We will straighten out when you—

Well, I will tell you what this was. Ed Kammerer is a real estate man—had an office where I office. Now, he had a telephone out on Cherry Avenue, and he wanted to turn it over to another man, so I told the fellow, I said, "Well, the thing for you to do is just go over there and sign up for it." So he did, but then the telephone company called up and said that Kammerer would have to come up there and sign off and this man sign on.

So that is what that notice means.

Senator TOBEY. If I have a telephone and give it up and you are coming in my place of business, do I understand that they will give it to you? It goes in the pool account and if phones are in short supply, they give it to the next man on the list, not to the next man in the place; isn't that it?

Mr. BURT. That is right. Sometimes, Senator, if you are in business and another man goes and leases that place and goes in business there, and you have a phone, you understand, if you will go up to the phone office, that is in Long Beach, and with the man—both of you go up there and say, "I am taking over this place of business," and he wants to sign off on the phone—of course, they can't give it to you until that man signs off. If he is right there and he says, "I want to sign off."



In this case, Mr. Kammerer is a real estate man for us. He would sign off and would sign up for it and pay whatever it was required, and it would be turned over to you under another name.

The CHAIRMAN. Mr. Burt, who is the mayor of Long Beach?

Mr. BURT. Burt Chase.

The CHAIRMAN. Who is the chief of police?

Mr. BURT. Dovey, D-o-v-e-y.

The CHAIRMAN. What is his first name?

Mr. BURT. I couldn't say right now, Senator.

The CHAIRMAN. Do they do anything to stop these operations down there?

Mr. BURT. Not that I know of.

The CHAIRMAN. Does a sheriff operate in Long Beach, too?

Mr. BURT. The sheriff has a substation there. Well, they have an office there up in the Guaranty Trust Building.

The CHAIRMAN. I mean, do they do law enforcement in Long Beach, the sheriff's office?

Mr. BURT. I don't know just what law enforcement they do do there. I know they serve subpoenas and I suppose they serve warrants where they came from up here. What other law enforcement they do there, I don't know.

The CHAIRMAN. Anyway, it is well known by anyone who would make any actual inquiry that these operations are going on?

Mr. BURT. It isn't any secret.

The CHAIRMAN. Do they make substantial money; fellows like Irvine and Rains, out of their bookie operations?

Mr. BURT. Well, I imagine a bookmaker—as I say——

The CHAIRMAN. You make their income-tax returns?

Mr. BURT. Yes; on those that I make up. Yes; they make substantial money.

The CHAIRMAN. What do you mean, substantial?

Mr. BURT. I would say they clear on their bookmaking, after all expenses, five, six, and seven thousand dollars a year.

Mr. CHAIRMAN. That is not any great big money.

Mr. BURT. That is not any great big money, but I mean for what they do.

The CHAIRMAN. Any questions?

Senator TOBEY. The only question I have is: You say these things are countenanced and everybody knows they are going on. That isn't only peculiar in Long Beach, I understand; we find them in many places.

Who would have the right to grab them by the nape of the neck and say "Get out." What is the next source above them?

Mr. BURT. I would think the attorney general.

Senator TOBEY. That is the next one?

Mr. BURT. That is what I would say.

Senator TOBEY. And Howser is still in the office?

Mr. BURT. Howser is still in.

Senator TOBEY. Do you know of any case in Howser's administration where he harried them?

Mr. BURT. No, sir.

Senator TOBEY. He went along with them, did he?

Mr. BURT. It looked like that. They voted him out on that account.

Senator TOBEY. Did mortification set in yet?

Mr. BURT. I couldn't say as to that, sir.

Senator TOBEY. You get sick of these chocolate eclairs, spineless officials and crooks down the line from the top down to the bottom. If it wasn't for Estes Kefauver and my colleague, Wiley, I would blow up. I get so darned tired of it.

What comes over these crowds? What is the matter with us?

Mr. BURT. I know one thing; I am an Arkansas Republican, and I voted one Democratic ticket, and that was for——

Senator TOBEY. Both Republicans and Democrats are all alike in that respect.

Mr. BURT. I voted for Pat Brown.

The CHAIRMAN. How about these officials down there? Sometimes Democratic and sometimes Republican?

Mr. BURT. That is right.

The CHAIRMAN. Is it about the same both ways?

Mr. BURT. I would think so, yes.

The CHAIRMAN. Well, frankly, isn't it pretty well known that this fellow Rains—isn't he sort of the top fellow down there in gambling?

Mr. BURT. Well, Rains over in Orange County and Seal Beach, I understand. He has that Garden of Allah and he has a big business there. I understand he is out there——

The CHAIRMAN. Isn't it pretty well understood that he gets protection from somebody in his operation?

Mr. BURT. That is the consensus of opinion; yes, sir.

Mr. CHAIRMAN. And Howser is supposed to be a close friend of Rains?

Mr. BURT. I couldn't say to that. As I said, I only know Howser in a social way, that is, back and forth.

Senator WILEY. What is the population in Long Beach?

Mr. BURT. Three hundred and eighty thousand, I believe. It is over 300,000.

Senator WILEY. How many of these bookmakers are from out of State, do you know?

Mr. BURT. How many——

Senator WILEY. Just approximately.

Mr. BURT. I don't believe out of the State—of course, these fellows are, most of them, out of the State, but I think most of them have been residents of Long Beach for some time.

Senator WILEY. Long Beach is a sort of mecca for the tourists, too, isn't it?

Mr. BURT. Yes; it is a regular tourist town. There are two seasons there, one winter tourists and one summer tourists.

Senator WILEY. Is there any other crime of any significance down there, bawdy houses, prostitution?

Mr. BURT. I don't know. You don't hear much about bawdy houses there, and I don't believe there is many of them. You see, once in a while, where the police has raided one. I noticed about 2 months ago, and that is the first time I had seen it in about 2 or 3 years. I think that goes on where they don't have any districts in the hotels.

Senator WILEY. You said they have two seasons down there. What I am trying to get at is whether or not this gambling situation is due to the out of State folks that come in and want to play the games, and

you have got folks here who take advantage of their desire for having some kind of a kick or what not.

What I am trying to get at is——

Mr. BURT. Senator, I see what you are trying to get at. As I say, we have a winter season, which is the old people from the East and the Middle West comes there to get out of the cold weather. The summer season is when the young people come in there for a vacation.

I believe it is the Long Beach people that supports the gambling. I don't think the tourists have much to do with it.

Senator WILEY. How many out-of-State people really come in?

Mr. BURT. Well, I know I couldn't say.

Senator WILEY. Fifty thousand a year?

Mr. BURT. Well, off and on, I would say yes; yes, sir, I would say 50,000.

Senator WILEY. Long Beach, apparently, is a place where there is considerable money, retired people?

Mr. BURT. Lots of money. Banks are full of it from retired people.

Senator WILEY. The gambling is mostly bookmaking, or what is the nature of the gambling?

Mr. BURT. I don't know about the other gambling. As I say, the reason I happen to know the bookmaking—it is a well-known fact that they take bets, and I do have this income tax. As I say—in order to take that, there has to be an out-of-State connection by wire or otherwise. I would imagine they would. I couldn't give you anything about the wire service because I don't know.

They get the results in a hurry, some way. How they do it, I don't know.

Mr. ROBINSON. I have two questions. Do you know Beanie Benson?

Mr. BURT. Yes, sir.

Mr. ROBINSON. What business is he in?

Mr. BURT. Smith & Benson run a bar, a restaurant, and a pool hall.

Mr. ROBINSON. Bookmaking?

Mr. BURT. Beanie is supposed to be the leading bookmaker in Long Beach for a long time. I don't know that; I'm telling you what the opinion of people is.

Mr. ROBINSON. Have you heard the arrest of the attorney general's sister on charges of prostitution in Long Beach?

Mr. BURT. No; I never heard that, sir.

Senator TOBEY. Attorney general's sister? What is her name? Is it Howser?

Mr. ROBINSON. No; it is a married name. I can get the details for you.

The CHAIRMAN. Anything else of Mr. Burt?

Mr. BURT. I was going to say on these, I haven't any records to hide down in my office, with the exception of the income-tax records, which I keep for 5 years. I keep them where nobody can get to them because they are private papers. All of this kind of stuff lays on my desk. I am just wondering who broke in my office.

The CHAIRMAN. I don't know.

Mr. BURT. As far as that is concerned, you can bring them up here. There is nothing private in there. The only papers I keep locked up are private records.

The CHAIRMAN. I assume that came from the telephone company.

Senator WILEY. You came from Arkansas originally?

Mr. BURT. Yes; I was down there with Myers & Bratton.

The CHAIRMAN. Where are you from in Arkansas?

Mr. BURT. Van Buren County. That is about 125 miles up in the Ozarks, north of Little Rock.

Senator TOBEY. Is there a man in the real-estate business in Long Beach named Sturges?

Mr. BURT. Yes. I don't know what his first name is, sir, but I know he is in the real-estate business there.

The CHAIRMAN. Thank you very much, Mr. Burt.

### TESTIMONY OF ALFRED GUASTI, LOS ANGELES, CALIF.

The CHAIRMAN. Mr. Guasti, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GUASTI. I do.

Mr. ROBINSON. Will you state the position that you held in the sheriff's office?

Mr. GUASTI. I was a captain in the sheriff's office, retired May 1.

Mr. ROBINSON. In charge of what particular detail?

Mr. GUASTI. Well, I had a special detail which included the anti-subversive, the training program, the reserve deputies and, well, anything that wasn't directly assigned or assigned by orders to another detail we worked, such as the personnel investigations, and things of that nature. And for a while we had a gangster detail. That is a two-man detail that compiled information on activities.

Mr. ROBINSON. How long were you in the sheriff's office?

Mr. GUASTI. Twenty-six years and one month, just a little over a month.

Mr. ROBINSON. Did your duties, while you were there, to some degree replace the duties formerly handled by Capt. George Contreras?

Mr. GUASTI. Oh, yes.

Mr. ROBINSON. In other words, you were the successor in that capacity?

Mr. GUASTI. That is right.

Mr. ROBINSON. Do you know Dave Rubin?

Mr. GUASTI. Yes, sir.

Mr. ROBINSON. Will you tell the committee who Dave Rubin is?

Mr. GUASTI. Dave Rubin is a local kid that grew up here. I have known him from practically boyhood, and he used to sell papers here in town. In later years he was in the bookmaking business, and then he was in the gambling business.

Today I think he has some interest over in Las Vegas.

Mr. ROBINSON. Do you know Mr. Curly Robinson?

Mr. GUASTI. Yes, sir.

Mr. ROBINSON. Will you tell the committee who Mr. Curly Robinson is?

Mr. GUASTI. Mr. Curly Robinson I have known since we served together in World War I, the same organization. He is a local boy here. I think he was born over in Boyle Heights. He was a news kid here in the streets, and then he had a place of business across the street from the Examiner.



Then he went into the pinball game and the slot-machine business.

Mr. ROBINSON. Isn't he generally recognized as the outstanding slot-machine man in the area?

Mr. GUASTI. That is his reputation.

The CHAIRMAN. Who is this?

Mr. ROBINSON. Curly Robinson.

He also operates the Associated Operators of Los Angeles?

Mr. GUASTI. I think that is broken up now. He did. It was Los Angeles County; there was two.

Camo, or something like that, was the city organization, and then he had the Associated operation, which was a county organization, and then the supervisors kicked the pinball and consoles and that stuff out, and I believe that shortly thereafter that organization was dissolved.

Mr. ROBINSON. Did you have other income other than your salary from the sheriff's office?

Mr. GUASTI. No, sir.

Mr. ROBINSON. Did you buy and resell any liquor license?

Mr. GUASTI. Yes, sir.

Mr. ROBINSON. There was additional income, wasn't there?

Mr. GUASTI. Oh, yes.

Mr. ROBINSON. Will you tell the committee the details of that transaction?

Mr. GUASTI. I had an opportunity to pick up a license when—I forget the year—they permitted one hundred and some odd licenses to be issued here in Los Angeles County. I had an opportunity to pick one of them up at the cost of the license.

Senator TOBEY. While you were deputy sheriff?

Mr. GUASTI. Yes, sir.

Mr. ROBINSON. The profits you made on the license was how much?

Mr. GUASTI. It was about \$6,500.

Mr. ROBINSON. Your associates in that venture, if any?

Mr. GUASTI. Was—the license was taken out in Mrs. Guasti's name and the license was loaned to Warren Hunter, who opened up a bar in Long Beach and finally went broke.

Mr. ROBINSON. In connection with your duties in the sheriff's office, did you handle the purchase of the shoulder patches for sheriffs' uniforms?

Mr. GUASTI. No; I did not.

Mr. ROBINSON. You know nothing about that?

Mr. GUASTI. No, sir.

Mr. ROBINSON. No money was ever given to you for that purpose?

Mr. GUASTI. No, sir.

Mr. ROBINSON. You didn't order the badges?

Mr. GUASTI. No, sir.

Mr. ROBINSON. You are definite on that point?

Mr. GUASTI. Positive.

Mr. ROBINSON. Did you have any other transactions with Curly Robinson?

Mr. GUASTI. No, sir.

Mr. ROBINSON. Are you familiar with——

The CHAIRMAN. What was the one transaction you had with Curly Robinson?

Mr. ROBINSON. I was just getting to that.

Are you familiar with a trip that a Jean Armand made throughout the State?

Will you tell the committee about that trip, the purpose of it?

Mr. GUASTI. Oh, it was, as I recall, a trip throughout the State during—I believe it was during Howser's campaign, or about that time.

Senator WILEY. What year?

Mr. GUASTI. When he run for attorney general, 4 years ago; I imagine it was '46. I believe that is right. And he sent Jean Armand throughout the State to get a pulse on the activities in the various counties on pinball machines and things of that kind, slot machines.

Mr. ROBINSON. Didn't the trip have two objectives designated as mission A and mission B?

Mr. GUASTI. No; not that I know of, sir.

Mr. ROBINSON. Mission A being the defeat of Pat Brown and the election of Fred Howser; mission B being the unification of slot-machine operators?

Mr. GUASTI. Not to my knowledge, sir.

Mr. ROBINSON. For the purposes of better legislation?

Mr. GUASTI. Not to my knowledge.

Mr. ROBINSON. Were any reports of that trip submitted to your office?

Mr. GUASTI. I got some of those reports; yes, sir. I was interested in the activities because at that time we were, I believe—I had a two-man gang squad, and we were interested in the activities, and it was valuable information to us, and I got a hold of it.

Mr. ROBINSON. Why should Curly Robinson give you copies of that report?

Mr. GUASTI. Because I asked him to. He told me what he was doing so I said I would like to have them.

Mr. ROBINSON. The reports would speak for themselves as to the purpose of them.

Mr. GUASTI. Yes; I imagine they would. They were pretty thorough reports, sir.

Mr. ROBINSON. Contacted every slot-machine operator in the State?

Mr. GUASTI. I understand they did.

Senator WILEY. What did they say?

Mr. GUASTI. I can't recall now, sir.

Senator WILEY. The substance of the reports?

Mr. GUASTI. Who were the operators; what the operator was; who owned the machines, and the attitude of the—I believe the operators or the people in that community toward the election of Fred Howser.

I believe that was the substance of the reports.

Senator WILEY. Was it illegal to operate at that time those machines in the State?

Mr. GUASTI. I think that in quite a few of the counties it was not illegal. Probably some of them it was, and I could not tell you which ones.

Senator WILEY. How could that be, if you have got a fundamental State law on the subject?

Mr. GUASTI. There is a law against the slot machine—it was optional; they had a glorified slot machine which they called the console, electrically operated, and the pinball machine was optional with the

community I think there are still some communities that permit the pinball games.

Senator WILEY. I wanted to know whether the particular things that he was checking, whether they were legal or illegal under State law.

Mr. GUASTI. The slot machines were illegal under State laws.

Senator WILEY. What do you suppose was the purpose of this investigation? Was there any prosecution that followed afterward?

Mr. GUASTI. No.

Senator WILEY. You weren't along with them?

Mr. GUASTI. Oh, no.

Senator WILEY. Why did you ask for copies of the report, then?

Mr. GUASTI. To give me a lead on the operations of the bigger type of—that referred to hoodlums, where they are operating and how they are operating throughout the State.

Senator WILEY. As a result of this did any prosecutions follow under your directions?

Mr. GUASTI. No, sir; it was outside of this county. All of that was in the northern part of the State.

Senator WILEY. What was the real purpose of this adventure by Houser's lieutenants?

Mr. GUASTI. I didn't know any of his men were involved.

Mr. ROBINSON. It was not Houser's lieutenants. It was a man retained by Curly Robinson, the nominal slot machine man in Los Angeles, to make this trip.

Mr. GUASTI. That is right.

The CHAIRMAN. Was it in connection with Houser or what?

Mr. GUASTI. It was a campaign in favor of Mr. Houser.

The CHAIRMAN. Was Robinson handling Houser's campaign?

Mr. GUASTI. No, sir. I believe he was interested in the campaign, but I don't believe he was actively working for Houser under any of Houser's directions, or anything like that. That is what I am trying to get at; he wasn't a member of Houser's campaign committee.

Senator WILEY. I think that is very fine. That is the danger of all these things, that we drew wrong inferences. In other words, there is nothing on the record to show anywhere that you know of that Robinson or his underlings were tied up with the attorney general of this State in this particular adventure?

Mr. GUASTI. Not to my knowledge; no, sir.

Senator WILEY. What do you say about that?

Mr. ROBINSON. I will let the reports speak for themselves—if the committee is interested in them, that is.

Mr. GUASTI. I am speaking of my own knowledge, now.

The CHAIRMAN. Let us get all the facts here.

Mr. ROBINSON. This same Curly Robinson we speak about, you are familiar with the transcripts of the microphone recording made in Mickey Cohen's home?

Mr. GUASTI. I have heard—all I know is what appeared in the papers, sir.

Mr. ROBINSON. I think the transcript that appeared in the paper quoted Mr. Robinson as having said that Guasti had a piece of the place in Burbank that Mickey Cohen had.

Mr. GUASTI. Didn't it say that Guasti O. K.'d it? That is my impression, Mr. Robinson, that "It is O. K. with Guasti."

Mr. ROBINSON. I think it was a little stronger than that; that Guasti had a piece of that.

Mr. GUASTI. As I remember having read it in the papers, it was: "It is O. K. with Guasti."

Mr. ROBINSON. Are you the man that people would have to contact in order to get set up in the county?

Mr. GUASTI. No, sir.

Mr. ROBINSON. You never heard yourself referred to as the "Wine Merchant"?

Mr. GUASTI. The "Wine Merchant" is a name that is used by legitimate people. Many people I am introduced to will say, "You are the Guasti Wine; you are the wine man."

My answer to that is that I am one of the poor relations here. That is used more—I have heard, too, that the hoodlums picked it up and used it, but it was always used in the better circles.

Senator WILEY. You mean there is a Guasti that is legitimately in the wine business?

Mr. GUASTI. Yes; definitely.

Mr. ROBINSON. Is your income tax presently under investigation by the Intelligence Section?

Mr. GUASTI. Yes, sir; I believe it is. It has been.

Mr. ROBINSON. I have no further questions.

Mr. HALLEY. Mr. Guasti, were you familiar in any way with the Guarantee Finance investigation?

Mr. GUASTI. There was only—the investigation part of it, no. I am not familiar with it. There was one contact made with me by Chief Standley in the district attorney's office.

I believe it was 4 or 5 days, or it might be a little more and it might be less, before the raid by the commission of that establishment, that they were going to raid the Guarantee Finance on Florence Avenue, and it was a book and that they had better take care of it and knock it over, was what they meant by it.

I said: "Fine, thank you." And I immediately called up Captain Pearson. I said, "They are going to knock over a bookie joint on Florence Avenue. It is a finance company." He said, "I am and have been on it." I said, "Will you call Standley and tell him?" He said, "I will." And that is the end of that.

Mr. HALLEY. What was your position in the sheriff's office at that time?

Mr. GUASTI. Captain of the antisubversive detail.

Mr. HALLEY. You had nothing to do directly with gambling investigations?

Mr. GUASTI. None whatever.

Mr. HALLEY. Did you ever hear of the occasion when the lieutenant by the name of Fiske of the Los Angeles police broke into that Guaranty Finance business and destroyed certain evidence of book-making; that is, ripped up the tickets?

Mr. GUASTI. Only in the paper after the case was broken. That is the only time, the first time I ever knew Fiske was in there.

Mr. HALLEY. Are you familiar with the charge made in the California Crime Commission report that you wrote a letter to the Los Angeles police?

Mr. GUASTI. Yes; I read the report.



Mr. HALLEY. Complaining about Fiske having come into the sheriff's territory?

Mr. GUASTI. I read the report; yes, sir.

Mr. HALLEY. Have you any comment on that?

Mr. GUASTI. I never wrote a letter. I know nothing of any letter to Joe Reed. I know Joe Reed well enough to go and talk to him if I wanted to, but I never made any comment or never wrote a letter. I have been trying to find out where this letter is. I would like to see the letter. If it was written, I can be happy to look at the letter. But I never wrote any such letter.

Mr. HALLEY. Thank you. I have no further questions.

The CHAIRMAN. Did you have a piece of that Mickey Cohen place up in Burbank?

Mr. GUASTI. No, sir.

The CHAIRMAN. How do you suppose this claim about it came about? Did you know about the place?

Mr. GUASTI. I knew about it because my gang squad knew the location and we knew it was heavily armed with hoodlums, and we wanted that bunch—we weren't particularly interested in the customers but we wanted that gang on the outside.

The CHAIRMAN. Is Burbank in Los Angeles County?

Mr. GUASTI. Yes, sir.

The CHAIRMAN. What did you do about it?

Mr. GUASTI. We finally raided one of them. We couldn't set the one up satisfactorily to get, but we got one. One of them was in the stable, a stable area, and another one was in a pottery plant of some kind. We got the pottery plant. My squad took the vice squad and knocked the place over. They arrested—they threw three or four of the hoodlums in jail on robbery to get a record on them and check on them and see who they were.

We didn't get any further conviction on them for any other racketeering activities.

The CHAIRMAN. Why didn't you get the other place?

Mr. GUASTI. Well, it had to be set up. They were working on it.

The CHAIRMAN. What do you mean "set up"?

Mr. GUASTI. When it was operating—it was a hit-and-miss deal. It wasn't a place that—you couldn't tell whether it was running or not. You would have to go out there to see whether it was operating, or send somebody out there, and it was just a hit-and-miss deal. They couldn't catch that thing when there was somebody in there, and things were really alive when these men would be on the outside.

We wanted the men on the outside, who were all heavily armed, as we understand. But we did get the other one.

Mr. HALLEY. Over a period of time it would certainly seem that you could get the evidence of something like that. What are the difficulties in getting the evidence on an operation of that kind?

Mr. GUASTI. It is a two-man detail. We did have a lot of work at that time and we were working, and it was just one of those things, if they didn't have anything particular to do they would run out there, because they felt as we did, that we will get that one of these nights. We will get it. But there were other activities that attracted their attention that they had to carry out also.

Mr. HALLEY. What I don't understand is, you mentioned that you knew that this place was a gambling joint and that you were anxious to get in and yet you left it in the hands of a two-man detail who, as you said, didn't have the time to give it proper attention.

Mr. GUASTI. I didn't have any more men.

Mr. HALLEY. If it was—how many men did you have?

Mr. GUASTI. I only had a two-man detail on that particular assignment.

Mr. HALLEY. You had 1,800 men, didn't you?

Mr. GUASTI. I had under my command only nine men.

Mr. HALLEY. But couldn't you ask the sheriff for a loan of six men for a week?

Mr. GUASTI. If we were set for the raid, then we would naturally ask for additional help. We would have to have them.

Mr. HALLEY. It seems to me—I have never been a sheriff, so I am not criticizing you, just asking—that there is a real question as to whether, if you were seriously trying to raid what obviously was at least one of the most serious law violations in the county, you would have handled it in a different way.

Mr. ROBINSON. Who finally raided that place, Mr. Guasti?

Mr. GUASTI. Lieutenant Vigneaux and, I think it was Deputy Sheriff Harry Sand, and some members assigned from the vice squad.

Mr. ROBINSON. Wasn't Lieutenant Wellpott there?

Mr. GUASTI. No, he wasn't there. None of the police department was in on this one. I think they possibly took someone from Burbank. I am not sure of that. That is a policy that we generally followed.

Mr. HALLEY. When did you retire, Sheriff?

Mr. GUASTI. May 1.

Mr. HALLEY. When you retired, what was your salary?

Mr. GUASTI. My salary was—the captain's salary was \$400—and I believe it was \$464, right in there.

Mr. HALLEY. A month?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. Did you have any additional income in the year 1949 other than your sheriff's salary as sheriff?

Mr. GUASTI. No.

Mr. HALLEY. You have been living on your salary as sheriff?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. With no other income?

Mr. GUASTI. Outside of selling that liquor license. I sold a lot, a piece of property, cheap property, and then I sold a car at the height of the market and got a very good price for it.

Senator TOBEY. What is your net worth today?

Mr. GUASTI. Counting my property and home and money, I have in the bank, I would say around \$20,000 to \$25,000. That is counting everything. I made some nice profit on a piece of real estate during inflation. I bought a little home for \$4,500. At that time you paid your own payments and your own down payment, and I sold that piece of property for \$13,500.

Mr. HALLEY. Do you own an automobile?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. What kind?

Mr. GUASTI. I have got a Pontiac convertible coupe.

Mr. HALLEY. Does your wife have any property in addition to your own?

Mr. GUASTI. No; and my daughter has a small Ford coupe, and she uses it to go to school.

Mr. HALLEY. Do you support your daughter, too?

Mr. GUASTI. Oh, yes.

Mr. HALLEY. Where do you live?

Mr. GUASTI. 1623 North Ogden Drive.

Mr. HALLEY. Is that a home?

Mr. GUASTI. Yes.

Mr. HALLEY. You own it?

Mr. GUASTI. Yes.

Mr. HALLEY. When did you purchase it?

Mr. GUASTI. 1946.

Mr. HALLEY. What did you pay for it?

Mr. GUASTI. \$25,000.

Mr. HALLEY. What was your salary at the time?

Mr. GUASTI. It was around \$464, I think, but I put the money that I—that was a joint deal. It was in the escrow that one was continued on the other. The sale of my house was contingent upon the purchase of the other place.

Mr. HALLEY. Where does your daughter go to school?

Mr. GUASTI. Glendale Junior College—City College.

Mr. HALLEY. Is that a school that is free?

Mr. GUASTI. Yes; it is a State school.

Mr. HALLEY. But you support your wife and your daughter?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. And maintain two automobiles?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. A Pontiac convertible and a Ford?

Mr. GUASTI. I just purchased the Pontiac. It isn't paid for yet. I still owe approximately a year's payments on that. I just purchased it; just before I left the office I started that.

Mr. HALLEY. You are now on a pension?

Mr. GUASTI. I am on a pension now.

Mr. HALLEY. How much is that?

Mr. GUASTI. It is \$169 something, but I also have a little bar out here and work part time, and once in a while for the UAW or the CIO.

Mr. HALLEY. You say you have a bar?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. Do you own it?

Mr. GUASTI. Half of it; yes.

Mr. HALLEY. When did you acquire that?

Mr. GUASTI. July the 15th.

Mr. HALLEY. What did you pay for it?

Mr. GUASTI. \$3,600 for a half interest.

Mr. HALLEY. Who is your partner in that business?

Mr. GUASTI. Tex Rose.

Mr. HALLEY. Tex Rose?

Mr. GUASTI. Yes, sir. S. Tex Rose is the way the legal signature is.

Mr. HALLEY. Do you have any safety deposit box?

Mr. GUASTI. No, sir.

Mr. HALLEY. Do you have any money in cash that is not entrusted in a bank account?

Mr. GUASTI. No, just what is around the house.

Mr. HALLEY. You have no larger sums of cash?

Mr. GUASTI. No.

Mr. HALLEY. What do you have in the bank today?

Mr. GUASTI. I think in the Bank of America in Beverly Hills there is in the neighborhood of \$5,000, between \$5,000 and \$6,000, I can't be sure.

Then, in the Bank of America on Sunset Boulevard and Hayworth I have somewheres in the neighborhood of \$500 or \$600 there.

Mr. HALLEY. Do you have any other bank accounts?

Mr. GUASTI. No, sir.

Mr. HALLEY. Does your wife have any other bank accounts?

Mr. GUASTI. No, sir.

Mr. HALLEY. So in cash you have about \$6,000?

Mr. GUASTI. Right in that neighborhood.

Mr. HALLEY. And you paid \$3,800 for a bar?

Mr. GUASTI. \$3,600.

Mr. HALLEY. About in July?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. And the house you purchased with the proceeds from your former home, is that right?

Mr. GUASTI. That was the down payment on it; yes, sir. That is, I worked out a deal where the Bank of America owns quite a bit of it right now, the one in Beverly Hills.

Mr. HALLEY. How much down payment did you have to make on the house?

Mr. GUASTI. I paid the house off and borrowed \$12,000 from my brother-in-law, and the rest from the bank.

Mr. HALLEY. And then you had your brother-in-law—you paid your brother-in-law back after you sold the first house?

Mr. GUASTI. Yes, sir.

Mr. HALLEY. So you owe the bank?

Mr. GUASTI. I owe the bank somewhere between \$8,000 and \$9,000.

Mr. HALLEY. What are your monthly payments?

Mr. GUASTI. \$100 a month.

Mr. HALLEY. On the mortgage, is that right?

Mr. GUASTI. That is right.

Mr. HALLEY. I have a little difficulty understanding how you were able to accumulate enough money to buy a bar and two automobiles and to have a \$6,000 bank account.

Mr. GUASTI. I borrowed \$2,500 to buy the bar.

Mr. HALLEY. I see. From whom did you borrow that?

Mr. GUASTI. I borrowed that from a man by the name of Sam Winger. He is in the liquor business. It was secured by the license. The value of the license which he holds a chattel mortgage on is worth more than that loan is. I am trying to make the business pay itself off, and it isn't. I am getting rid of it. It is on the market now for sale. However, I am fortunate that the licenses have gone up and it is worth, if I sell it—I will make a little profit on it.

Mr. HALLEY. Do you have any servants at your home?

Mr. GUASTI. No, sir.



Mr. HALLEY. Have you had in the past?

Mr. GUASTI. Never had any, never.

Mr. HALLEY. Thank you.

Mr. HALLEY. No further questions.

Mr. ROBINSON. I have one. You mentioned that Mr. Standley called you with respect to a possibility of a raid on the Guarantee Finance.

Mr. GUASTI. That is right; Corporation Commission, I think it was.

Mr. ROBINSON. Mr. Standley—that is H. Leo Standley?

Mr. GUASTI. The chief of detectives.

Mr. ROBINSON. Was it the practice of Mr. Standley to clear with you any complaints received in the district attorney's office?

Mr. GUASTI. No, I don't believe so, but Lea and I have been friends for many, many years.

Mr. ROBINSON. As a usual practice he usually called you on any complaint received by that office, did he not?

Mr. GUASTI. No, not all complaints. Complaints on gangsters; yes. How that happened I don't know. He happened to think of me, I guess, and he called me. I don't think he was acquainted with Mr. Pearson at that time. I am not sure, but I don't think he was. But I did know Mr. Standley when we was in the Burns Detective Agency some 20 years ago.

Mr. ROBINSON. But it was Captain Pearson who was in charge of the——

The CHAIRMAN. Can we get one thing cleared up here? This Curly Robinson business and Attorney General Houser; Robinson sent somebody out to find out what the slot-machine industry was in the State and who operated it and how they felt about Houser; is that correct? What is the purpose of finding out how they felt about Houser?

Mr. GUASTI. That is just what I am trying to say, sir. I think he was trying to put the support of those people behind Mr. Houser's candidacy.

The CHAIRMAN. Do you know that from the reports submitted to you?

Mr. GUASTI. It is an opinion from conversation with Mr. Robinson, and the reports also—I don't think it comes out that bluntly, but I would gather from the reports that is what it was. The reports had a lot of information in them.

The CHAIRMAN. A lot of political information?

Mr. GUASTI. No, activity—slot machine and pinball activity information.

The CHAIRMAN. Anyway, it is true, as you see it, that the purpose of this mission was to organize these people to get behind Houser; is that correct?

Mr. GUASTI. I would say that; yes.

The CHAIRMAN. Then there was a close relationship between Curly Robinson and Houser?

Mr. GUASTI. How close, I don't know. I knew they did know each other for quite some time. I think before, he was—I think before he was ever in public office Mr. Robinson knew him.

The CHAIRMAN. Robinson was a big man in this section in the slot-machine industry?

Mr. GUASTI. One of them. We had three or four of them here. We had another Robinson who was very active in that, too.

Mr. ROBINSON. That is Charles Robinson?

Mr. GUASTI. That is right, Charlie Robinson.

The CHAIRMAN. Did you have the impression that Houser protected the slot-machine industry after he got in as attorney general?

Mr. GUASTI. All I can base my opinion on would be prejudicial because of what appeared in the papers.

The CHAIRMAN. I mean, that is the general situation, isn't it?

Mr. GUASTI. Yes; that is the general opinion.

The CHAIRMAN. Did you have jurisdiction down in Long Beach when you were deputy, when you were in the sheriff's office, Long Beach, Calif.?

Mr. GUASTI. Any designated jurisdiction?

The CHAIRMAN. No; I mean, were you supposed to enforce the law down there?

Mr. GUASTI. No. You see, the detail I had we worked any place.

The CHAIRMAN. But did you work in Long Beach?

Mr. GUASTI. Yes, on our activity; yes.

Senator WILEY. That was subversive, wasn't it?

Mr. GUASTI. Subversive and gangsters; yes, sir. We worked all over.

Senator WILEY. How about all these fellows, Rains and Irvine and all those big bookmakers down in Long Beach; did you ever get them?

Mr. GUASTI. We knew where they were. We weren't primarily interested in the gambling end of it as we were in their activity; who they were, where they were.

Senator WILEY. You knew where they were and where they were operating, didn't you?

Mr. GUASTI. Yes, sir.

Senator WILEY. Why didn't you go and close them up?

Mr. GUASTI. That is one of those things that is up to the City of Long Beach—the city in which that violation was committed.

Senator WILEY. You mean you wouldn't close up any gambling inside of a city limits?

Mr. GUASTI. No; I wouldn't because it wasn't assigned to me. I wasn't working gambling.

Senator WILEY. Well, I mean, gangsters; some of these fellows are gangsters, aren't they?

Mr. GUASTI. Well, they are in that element of people, yes, sir.

Senator WILEY. All right. No other questions.

I have one more question.

I think this might clear it up. Was there any particular relation between subversives and gangsters?

Mr. GUASTI. No; although there is a—in a great many of the places we did find some communistic literature. The squad used to find it and they would send it over to us. The same if we found anything, we would send it over to the vice squad. If we found anything in county territory of a gambling nature, we would send it directly to the vice squad. If they found something—it is a common policy in the office that if you find something that belongs to a certain division, you send it to that division.

Mr. ROBINSON. I have one more question. Was Lieutenant Pascoe an assistant of yours?

Mr. GUASTI. Yes, sir.

Mr. ROBINSON. Was Lieutenant Pascoe in charge of the custody of Bugsy Siegel when he was in custody?

Mr. GUASTI. No, sir; that was way back there—he was a deputy. You mean when they took him out on court orders?

Mr. ROBINSON. Was Lieutenant Pascoe disciplined?

Mr. GUASTI. Oh, yes.

Mr. ROBINSON. What was the nature of the discipline?

Mr. GUASTI. He was suspended for 30 days.

Mr. ROBINSON. For what?

Mr. GUASTI. That I can't tell you. The records would be there. I imagine for—would you say insubordination, not carrying out an order, or what it was. I don't recall.

Mr. ROBINSON. That related to Bugsy Siegel's deputy while he was in custody.

Mr. GUASTI. That was in the Bugsy Siegel case; yes, sir. He got 30 days suspension for it.

I have some information that you are interested in, if I may give it to you; that is, gangster activity. I have the file. I would be very happy to give it to you. I am not too particular to let this be public record because there is some very good information in it, particularly some information with regards to Mickey Cohen, all the gangsters, that I have compiled. I would be happy to give it to you. I took it upon myself to go to the office and get it and bring it over here.

Mr. HALLEY. Do you have it here now?

Mr. GUASTI. Yes. Gangster activities, the names. There is a place here—where I believe one time I had a list of every bookmaker that ever attended Santa Anita. These are files out of the office. I do wish you would return them because I don't believe there is a copy of them anywhere.

Mr. HALLEY. Is there anything you would like to tell us about them? Is there anything you can summarize at this point about the significance of any part of them?

Mr. GUASTI. It is Nation-wide. It is the activity groups that migrated in here from Detroit, Cleveland, Chicago, and information about the group down in Tucson, which is a remnant group of the old Purple Gang, the Mafias down there. It may be of some value to you.

The CHAIRMAN. We appreciate it very much. It will be returned to you or to the sheriff's office.

Mr. GUASTI. It will be returned to Lieutenant Pascoe, where we kept it—he took over my position—I would appreciate it.

The CHAIRMAN. We don't want to be causing any difficulty here about taking the sheriff's records, if it is something he needs.

Mr. GUASTI. No, I don't think he needs them. But it is there, and if you think you want them, I would be happy to give it to you.

The CHAIRMAN. What is the particular point about Mickey Cohen that you mentioned?

Mr. GUASTI. It relates to the killing of Meatball Levinson. It is the story, not able to be proven, that he went to Chicago and hired a man to come out here to take care of the situation and take care of these two men, and after he took care of them he was to get 25 percent

of Mickey's end. And that he was to return to Chicago and remain there till this thing cooled off, and that at a later date Mickey called him and said, "Well, come on, get in the car and come on." So he did, and he got as far as Joliet and they blasted him.

The CHAIRMAN. You mean he never got to California?

Mr. GUASTI. They killed him.

The CHAIRMAN. What do you have in writing about that?

Mr. GUASTI. That is in here.

The CHAIRMAN. I mean, do you have letters or something from Cohen?

Mr. GUASTI. No, it is information from an informant.

Senator TOBEY. I wish you would have brought it in to us before we had Mickey here.

Mr. GUASTI. No one has ever asked me anything. No one has asked me a question on anything pertaining to this county. I have had this information. I have offered it one time and it was deliberately ignored. I don't think it was purposely. I said, "John Hanson, I have got a lot of stuff down there. I will give it to you."

The CHAIRMAN. Who was Hanson?

Mr. GUASTI. He was Mr. Robinson's predecessor.

I said, "John, you can have it. I have a lot of information."

The CHAIRMAN. Did you talk with the sheriff about this information?

Mr. GUASTI. He has seen all of it. But the sheriff is a busy man. He can't remember all these things.

Senator TOBEY. What is he busy doing?

Mr. GUASTI. A lot of things, sir. The demand on the man is terrific.

The CHAIRMAN. Do you mean sort of public relations?

Mr. GUASTI. Good-will ambassador for the county of Los Angeles.

The CHAIRMAN. It seems to me like they ought to have a dual sheriff, one for good will ambassador and one for the sheriff's work. Maybe they would say the same thing about Members of the Senate.

Senator WILEY. They ought to have a public relations man and a sheriff.

Mr. GUASTI. When you go back to your home town, you are in demand; everybody wants to see the Senator. Everybody wants to see him there. They don't want to see a representative from his office. They want Mr. Biscailuz, and the man's popularity is such that he keeps a very busy man.

Senator TOBEY. How did he get so popular?

Mr. GUASTI. He is a wonderful man, believe me. He really is.

Senator WILEY. How old is he?

Mr. GUASTI. I think he is 66 or 67.

The CHAIRMAN. We will take good care of this.

Mr. GUASTI. I think you will find some very interesting material.

The CHAIRMAN. We will return it to you.

Mr. GUASTI. My phone and address is in there and you can send it up.

The CHAIRMAN. We will say nothing about it.

Mr. GUASTI. It is confidential—if I have to give you the informant, I will be happy to, if it meets with his approval.

The CHAIRMAN. Find out; talk to the informant and let Mr. Robinson or Mr. Halley know.



Mr. GUASTI. Mr. Robinson, as soon as he finds out if he wants any further information, he will contact me. We can set up that end of it.

Mr. ROBINSON. Thank you very much.

### TESTIMONY OF ERNEST TOLIN, UNITED STATES ATTORNEY FOR SOUTHERN CALIFORNIA, LOS ANGELES, CALIF.

Mr. ROBINSON. I think you might find it helpful if he could give you a brief résumé of the narcotics case which resulted in the shooting of his principal witness, Abraham Davidian, and involves Joe Sica and the rest of the Sica crowd and the narcotic ring, and Abraham Davidian was to be the principal witness. It was 2 days after you indicted the principal group that Davidian was shot in his own home in Fresno.

Mr. TOLIN. My assistant, Norman Newcomb, who is one of the oldest and most skilled men in the office, has been handling that. I can't give you the details on it. It was known that Davidian was going to be possessed of a large quantity of narcotics at a certain time.

Davidian was connected with a large narcotics ring. It was felt also that Davidian had recently been connected with it. He was just a hoodlum, a petty hoodlum who was just getting into the narcotics work, that it might be possible to bring him and use him as an informant. As a result of surveillance by the narcotics people, Davidian was arrested and the appraisal made by the narcotic agent was correct; Davidian did give a complete story in which he involved a great many people.

It did not directly involve Dragna but I think that it would have, had Davidian lived and the case gone on.

Davidian was on liberty on bond and the case was set for trial. There had been every effort made to keep it from the public, from the press, and from the codefendants, the fact that Davidian had given a complete story. Davidian's story was the only real piece of evidence which gave complete details.

It spun the tale of the conspiracy and then there was a lot of corroboration here and there which corroborated it. But if you took that corroboration without the narrative that Davidian gave, it would not be sufficient to spell out a whole case.

The case was set for trial and at the time it was set for trial—I don't know what occurred—but apparently it was sensed by the other defendants that Davidian had been talking to the Government people and that he was going to help out on the prosecution. It was set for trial as to him as well as to others. But he went out into his mother's home in Fresno, which was within this district, and while sleeping on a couch there in the daytime—he was quite an owl, like many of these people are, out all night—taking a nap in the daytime, somebody walked in and shot him through the head and killed him.

As a result, the narcotics case, while still pending—we have got continuance after continuance; we are still working on it—but as a result of Davidian's death we are without the narrative of the witness, the teller of the inside of it, which will make it a case upon which we can procure convictions.

I do not expect success in that case at this time. However, the narcotic bureau, the FBI, have been able to salvage certain satellite cases.

We felt we have lost the ability to go forward successfully with our big case so we might as well go forward with the four or five satellite cases that can be worked up out of it. The investigation into Davidian's death has brought to our attention various other crimes. For instance, it was discovered that a man named Rusty Doan was operating a house of prostitution in the San Joaquin Valley and that he had transported a woman in interstate travel incidental thereto. He is scheduled to be tried on December 11 for violation of the Mann Act and for conspiracy to violate it.

That case was originally set for trial this week, which we are just now concluding. It was necessary to use one of the prostitutes as a witness. That woman had been cooperative in keeping in touch with the Department so that we knew where she was, but within a few days of the trial she dropped out of sight.

We couldn't find her. We knew of a man who did know, we felt, where she was. So I issued a complaint against her charging her with flight to avoid giving testimony. That statute, I think, you are considering broadening because it doesn't relate to testimony just in any case; it is part of the flight to avoid prosecution. I knew that if it were broadened to include flight to avoid prosecution for any felony or any one of the serious misdemeanors, it would be a valuable thing. We charged her with flight to avoid giving testimony in a felony prosecution. Then we went down to the man who we felt knew where she was

We said, "You know where this girl lives."

He said, "Yes, I know, but I can't tell you. She said she don't want me to. I get messages to her, and then if she wants to call you back, all right."

So he was then informed that the complaint had been issued and that an agent had it, waiting to serve a warrant upon her.

His continued refusal then put him in the position that he was concealing or harboring a fugitive inasmuch as she was a fugitive upon the complaint charging her with flight to avoid giving testimony. The man was arrested on a complaint we then issued against him. When he was brought in and placed under heavy bail he then said, "Please make this bail something I can meet and I will go out and get the girl." The bail was placed then at \$7,500. He stepped to the telephone by the permission of the keeper, telephoned a relative, and within a very short space of time his mother came in with \$7,500 in cash and deposited the cash bail.

He then went out and by appointment to meet the girl through the regular hours of the marshal; he brought the woman in. However, that was the day following the day the trial was to have been set.

The CHAIRMAN. So you are going to try it next week?

Mr. TOLIN. We are going to try it next week instead.

Senator TOBEY. How long will that trial take, probably?

Mr. TOLIN. It won't take 2 or 3 days.

#### TESTIMONY OF DONALD O. BIRCHER, TAX CONSULTANT, GLENDALE, CALIF.

The CHAIRMAN. Mr. Bircher, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BIRCHER. I do.

Mr. HALLEY. What is your full name?

Mr. BIRCHER. Donald O. Bircher.

Mr. HALLEY. Where do you live?

Mr. BIRCHER. At 2759 East Glen Oaks, Glendale.

Mr. HALLEY. What is your business?

Mr. BIRCHER. I am a tax consultant.

Mr. HALLEY. Were you formerly employed by the United States Bureau of Internal Revenue?

Mr. BIRCHER. Yes, the Intelligence Unit.

Mr. HALLEY. When did you resign?

Mr. BIRCHER. August 31, 1950.

Mr. HALLEY. With whom are you now associated?

The CHAIRMAN. Did you retire?

Mr. BIRCHER. I retired after 28 years' service. I had certain so-called hazardous experiences in different branches other than this branch, in the Navy before, and immigration on the border, so that I became eligible to retire under the 20-year bill the same as the FBI agents.

Mr. HALLEY. With whom are you now associated?

Mr. BIRCHER. I am practicing alone. I have an office at 206 Warner Brothers Theatre Building in Hollywood. I have no associates.

Mr. HALLEY. Have you any association with a man named Sackman?

Mr. BIRCHER. No; I do not.

Mr. HALLEY. Did you ever?

Mr. BIRCHER. Yes.

Mr. HALLEY. When did you become an associate with Sackman?

Mr. BIRCHER. I entered into an informal partnership or an association or employment arrangement which was never reduced to a partnership agreement the day following my retirement from the service. That is, I entered into my association with him on September 1, 1950.

Mr. HALLEY. How long were you associated with him?

Mr. BIRCHER. Until October 21, 1950, when I decided that I wanted to go out by myself.

Mr. HALLEY. What were the circumstances which led to your decision to separate from Sackman?

Mr. BIRCHER. Well, in Government service I had worked 8 to 10 hours a day, and when I went out to work for him I was working a good deal more. When I went out to work with him they told me that I could have a private office in the suite that he had, or adjoining the suite, and they were unable to get that private office for me. And the result was that I had nothing but a workbench for a desk, and I didn't like the arrangements there, and so I decided to go out for myself, and I gave him formal notice.

Mr. HALLEY. When you made your arrangements with Sackman, were you still employed by the bureau?

Mr. BIRCHER. Yes: I have—I believe we made an agreement—I believe it was dated the date of my fiftieth birthday, the day that I decided to retire, possibly the day before.

I have had no contact with Sackman for 12 years. I have had only one case, tax case, that I had ever had with him, and I won the case—



I mean, the Government prosecuted the man and sent him to the penitentiary. I had no other experience with him.

But he made me an offer. He knew I wanted to go out of the service. I told several people I was planning to retire, and he made me an offer to go with him at a minimum salary of \$10,000 a year or 40 percent of his profits. Later it was to be reduced to a partnership agreement if the Government accepted my application for retirement. That is the extent of our agreement.

Mr. HALLEY. Do you have that with you?

Mr. BIRCHER. Yes; so it was really more of an employment basis than a partnership. We never did get it reduced to a partnership when I decided to move.

Mr. HALLEY. At that time did you realize that he represented Mickey Cohen and a number of other gamblers?

Mr. BIRCHER. I had heard that he had. I never met Mickey. I talked to Sackman about it when I talked about joining him, and he said that he felt that everyone was entitled to the best representation that he could obtain from an attorney or from a bank or from a grocery store, and he said that he had never had any irregularities with them, and he said that that was his feeling: When you go out in private law practice or accounting practice you have to take care of everybody who comes along.

He said he represented people in the motion-picture business, business people, professional people, and a lot of gamblers, and different people who had that reputation.

Mr. HALLEY. At that time Mickey Cohen was under investigation by the Internal Revenue Intelligence Unit, wasn't he?

Mr. BIRCHER. Yes; that is right.

Mr. HALLEY. Did you feel that there was any conflict involved or impropriety in your resigning to go to work for a man, for the man who was representing Mickey Cohen?

Mr. BIRCHER. No; I didn't think so, because I had not worked on Mickey Cohen's case and knew nothing about it. I hadn't talked to any of the agents.

Mr. HALLEY. But you knew it was an active investigation; is that right?

Mr. BIRCHER. I knew it was one of those that was pending, that was dragging. I didn't know the status of it.

Mr. HALLEY. After you left the Bureau and went to work for Sackman, did you then work on Mickey Cohen's case?

Mr. BIRCHER. No; I never worked on it. I never saw any of the papers. I never saw a list of clients while I was employed in the office. I never opened the business mail.

Mr. HALLEY. Did you ever see Mickey Cohen?

Mr. BIRCHER. Yes; twice.

Mr. HALLEY. What were the circumstances?

Mr. BIRCHER. About 3 weeks after I went into Mr. Sackman's office, Mr. Cohen came in one day and sat in the waiting room. My room was on the opposite side from Mr. Sackman's. There was a waiting room as you enter the main office. Mr. Sackman called me in and he said, "This is Mickey Cohen outside," and he said, "I will bring him in and introduce you." He said, "Don't call him Mickey; call him Mr. Cohen."



So he came in and I met him and shook hands with him, and then I left. I didn't stay around to talk.

Mr. HALLEY. Did you see him on any other occasion?

Mr. BIRCHER. One other occasion, at the office, and one occasion outside of the office.

Mr. HALLEY. Was any business discussed on either of these occasions?

Mr. BIRCHER. On none of them. He never told me what he was doing, what interests he had.

Mr. HALLEY. Where did you see him outside of the office?

Mr. BIRCHER. One day I called in our office. I have a real-estate broker's license, and I had told Harry Sackman that I had an interest in an oil well and that there were some lots in the neighborhood out on One Hundred and Twenty-eighth and Figueroa that had signs on and were available for sale, and I would like to buy them for Mr. Sackman's company, buy them, or if he found any clients who wanted to buy them maybe I could make a commission as a real-estate broker.

We had no further discussions about the matter. One day I called our office and asked if there were any messages for me, and Mr. Sackman said Mr. Cohen wants to "meet you out near your oil well, where you tell me they are doing some work, trying to deepen the well from 6,000 to 8,000 feet. There is a lot of work going on out there, and Mr. Cohen wants to drive out that way, and can you come into the office."

I said, "No; I won't have time. I have got other appointments."

Well, he said, "Be out there near the place at 2:30 and wait for him." So I went out and I parked my car on the corner in the middle of the road so that everyone would be able to see me, because I didn't know how he was coming. I didn't know how to identify him, how he might arrive, or I wasn't sure I would know him if he came up. I didn't know who he was going to be with.

So I waited from 2:30 until 3:30, and a beautiful blue Cadillac car came around the corner and stopped, and I recognized Mr. Cohen. So I got out of my car, walked over to his car, and he said, "Where is all these operations?" And I pointed across the street, or down the street a quarter of a block. And I said, "That is where all the trucks are and all that equipment and all those pipes standing in the air."

He said, "Let's go down and look or walk around. Can I go down?"

So I says, "Yes." So we walked down there, walked around for about 5 minutes, and he didn't make any—make any comments, just walked around and looked at the equipment. And then he thanked me, and then he said, "Do you know if anything is available in this area?" And I said, "No; I don't."

And that was the end of it. He thanked me and left. We had no discussions. I had nothing for sale.

Mr. HALLEY. Was there any discussion either before or after you left the Bureau of Internal Revenue between you and Sackman about whether or not you could be helpful in the Cohen case?

Mr. BIRCHER. No; there had been none. It wasn't pleasant when I left. I mean, I wasn't satisfied. Several people told me that they could send me business if I was alone, and they didn't like my association, and I felt that I could do just as well by myself and so, rather

than enter a partnership agreement, I notified him Friday afternoon, when I decided to leave, that our business associations were terminated.

I have not seen him since or talked to him since except for one period of about 10 minutes about 3 days later when he said, "Come in and get your check for the balance of \$163 that I still owe you." We have had no other discussions.

Mr. HALLEY. Did you have the Bugsy Siegel investigation?

Mr. BIRCHER. Yes; I had one of them.

Mr. HALLEY. Did that ever result in a prosecution?

Mr. BIRCHER. No; it didn't, because Bugsy Siegel was an unusual individual. He was a very energetic type of fellow. He had an aviator's license. He was fine looking. He wore excellent clothes. He had all the self-confidence in the world. He was hard to get to talk to. I had difficulty locating him. I finally located him through his accountants and arranged for him to come to our office. I finally got to see his books and records. All he had was a little black book with one page for each day with a column headed "W" and "L"—wins and losses. And he would show if he won \$500, lost \$500, or \$1,000 and \$700. At the end of a lot of those columns and at the end of such a book he would indicate a total profit of about \$20,000 for that year.

I asked him how I could verify those wins and those losses.

Senator WILEY. What year was this?

Mr. BIRCHER. That was a long time ago. I presume '36. That was the only time I ever investigated him. At the time I talked to him I asked him how he thought I could attempt to verify those wins and those losses, and he said that that was impossible, that he couldn't verify them. He said frequently he would go in and sit down at a race track in his box and somebody would come in that he didn't recognize, or two or three other men would come in, and sit down with him. And they would hold up their fingers indicating what they thought about this point or which one would come in first, or a baseball game. In a few minutes they could settle their accounts. And that was the end of it.

He said he didn't know the people he would bet with. I checked all his bank accounts. I found that he was getting substantial sums of money from somebody in St. Paul, a big advertising calendar firm.

The CHAIRMAN. Brown & Bigelow?

Mr. BIRCHER. Yes. Brown & Bigelow.

Senator WILEY. What do you mean by "substantial sums of money"?

Mr. BIRCHER. Well, I think one time he got \$50,000 or \$60,000; another time \$20,000. Another time I found he had got a lot of art pictures, original art paintings, given to him and to his wife or children, shipped out, and I was very suspicious as to what those were.

I thought probably they were shakedown payments. But finally this representative of Brown & Bigelow came out to Arizona and the next thing I knew he had an affidavit from him and presented to us that they were repayments of a loan, and he verified—we tried to verify that and we found that it was true, that when Mickey was—when Bugsy was opening up some business out here at one time he had called on this representative of Brown & Bigelow to get him some money, and this representative went into a bank and purchased some large cash-

ier's checks for \$50,000 or \$60,000 in currency, and this official said that it was repayments of loans that he obtained from Bugsy when he was trying to buy control of Brown & Bigelow.

We checked back further to verify that and we found that he had borrowed some money but we couldn't verify that he had obtained it from Bugsy Siegel. But it wasn't possible to determine—to verify his income—Bugsy's income or expenses.

Mr. HALLEY. Did you say you investigated Bugsy only in 1936?

Mr. BIRCHER. I think that is the only time.

Mr. HALLEY. Were you in charge of a continuing investigation up to the time of his death?

Mr. BIRCHER. Occasionally we would get requests from our office in New York for collateral investigations on something to do with Bugsy, and either I or one of my men would make the investigations, and it would come through my hands.

In other words, there are 45 special agents on the Intelligence Unit here in the Los Angeles office, and they are divided into three groups, and I headed one of those three groups.

Senator TOBEY. Was Bugsy an attractive looking fellow?

Mr. BIRCHER. Very fine looking, very sharp. He had a wonderful personality. He would come in and shake your hand and you would know your hand was shaken. A fine-looking fellow. And he was an aviator. He was a wonderful athlete. I found in checking his expenses that he worked out at the Hollywood Athletic Club and two or three athletic clubs frequently. Handball and boxing. He had all the personality and all the pep in the world. He would have been a good salesman or a successful man at anything he attempted to do.

Mr. HALLEY. Did you habitually allow these gamblers to charge up unprovable expenses without disallowing them?

Mr. BIRCHER. I really don't have much option about that.

Mr. HALLEY. Don't you suppose—suppose it says: "Wins, \$500; losses, \$100." The wins are his own admissions against his interest. Fine. The losses he ought to be made to prove. If he can't, why don't you just disallow them?

Mr. BIRCHER. You could disallow them, but the Revenue Act conferees who handled the case after we finished it, or the Tax Court or the Federal courts, would upset the decision; so it wouldn't be of any avail.

Mr. HALLEY. We see a lot of income-tax returns from fellows like that, and the expenses are never itemized. Do you feel that you couldn't get away with disallowing that?

Mr. BIRCHER. The Tax Courts have upheld the Government in some instances where you can show a person claims to have had certain deductible expenses, and where they are unable to itemize, where they don't have satisfactory proof.

Mr. HALLEY. I know in my own business anything we can't itemize gets thrown right out. Is that just because it is a legitimate business?

Mr. BIRCHER. That is true.

Mr. HALLEY. Do illegitimate operators get preferential treatment? Is that the point?

Mr. BIRCHER. No; I don't think so. In our work in the Fraud Division we try to bill cases that will stand up in court. Otherwise, you figure you haven't accomplished anything, just to build up more liti-



gation. I think there are certain weaknesses, possibly places for improvement, in the tax laws along the lines you have indicated.

For instance, I believe it was about 1933 I was in charge of a group of investigators of a number of abortionists, doctors and midwives, druggists, general nurses, not registered nurses, different ones who were performing abortions up and down the coast, from Seattle to San Diego. The story regarding that investigation and the results are contained in Mr. Irey's book, Elmer Irey's book, *The Tax Dodgers*.

He was the Chief of the Enforcement Division. At that time we had one case in San Francisco where a couple of—well, it was a pharmacist's mate, one of the men. He had never had any medical training other than as a pharmacist's assistant, but he was performing abortions up in San Francisco. Another one who assisted him, a registered pharmacist, who assisted him in his work occasionally and who helped send his business to his office—his principal job was to contact drug stores and get them to refer cases, abortion cases, to the so-called doctors.

Some of them were genuine doctors; some of them weren't. It was my theory, when we first started working on that type of cases, that such expenses as the doctors claimed for having paid reference fees to druggists and others who were not legitimate doctors should not be allowed as deductible business expenses. If they were *malum in se*, they were not only prohibited, but they were bad violations. They were moral turpitude, embodied moral turpitude. I tried to get the Bureau to agree with me on that, but they would not. They said that any expenses which were paid in the conduct of the business, whether it is legal or illegal, should be allowed.

Finally, I was so persistent that they sent out two letters, one agreeing with my ideas on the subject and one disagreeing, and sent it to the United States attorney's office in San Francisco, and there I had an opportunity to argue it further, and he followed my line of reasoning, and we won the case.

We got the indictment and the plea of guilty. Then followed the civil case. For the first time that question was then presented to the Tax Court, and they also followed my line of reasoning. Since then they have not allowed such deductions when they are bad in themselves. When they involved moral turpitude, that is. That is, so far as doctors paying fees to other doctors for criminal cases, criminal abortions, or paying them to druggists.

But I have had other similar cases on other types of cases where I had certain investigations of ideas as to those things, and I have had the Government follow them in some instances.

Senator WILEY. Then the Federal statute isn't definite like State statutes?

Mr. BIRCHER. That is certainly correct.

Senator WILEY. It should be corrected as to what expenses should be allowed. Complementary to what you said I had a deuce of a time during the war to get the Federal department to allow about \$1,000 a year for lunches that I had to buy during the war. The luncheon-time in the Senate was the only time you would have to talk to folks that came down on Government business, and it didn't amount to anything, 75 cents, \$1 apiece, but it ran up. Every month, \$100, \$200, \$250 for years. I couldn't get them to allow that. I said, "You let a lawyer-



come down. He can call me downtown, spend \$40, \$50, and deduct it as part of the operation of his business." But as a poor Senator you couldn't deduct it. Finally they allowed it the last 2, 3 years. But that is one thing we should bear in mind. The statute itself should be corrected and be definitive in its character.

Senator TOBEY. Would they allow that type of lunch you speak of—but would also allow you to take out guests in the evening, that part of entertaining?

Senator WILEY. No; not entertainment. I told them—I said, "I am so busy and these people all come down. I tell them I can't see them. We have got our committee meetings in session. I will see them at noon. 'Be my guest at noon and we will discuss your proposition.' It wouldn't amount to a great deal." They would amount to around \$1,000 a year; but, after all, it was far more legitimate than a brother who would come down, a practicing lawyer, who would take me downtown. I have seen him spend \$40, \$50.

Legitimate deductions; sure. Every corporation permitted it.

Senator TOBEY. In your work as a tax expert in connection with the Government particularly, did you ever see anything or hear anything that caused you to raise your eyebrows along the lines of some officials in the Internal Revenue Bureau having collusion with some entrepreneur outside and holding up somebody and putting the fear of God in his heart that he would be prosecuted unless he came across?

Mr. BIRCHER. You mean extortion?

Senator TOBEY. Yes.

Mr. BIRCHER. I haven't. Had there been any such instances, I believe, now that you mentioned—there have been a few instances of that kind where our office—where such items were brought to the attention of our office, where possibly a deputy collector would attempt to obtain something from someone for a settlement. There have been a few instances. I recall one here in Los Angeles about 15 years ago. I don't think the man as yet has ever been apprehended, a deputy collector, who was indicted.

Occasionally that happens. But very, very seldom it happens, and when they do, the Government vigorously goes after them. I mean, those matters are reported to the Intelligence Unit, and I think we have in the Intelligence Unit one of the finest organizations in the country. I have always been proud to be connected with it, and I have been on many important investigations in different parts of the country. I was down on the Huey Long and on the O. K. Allen case. I had charge of the O. K. Allen case and a group of investigators there.

I had charge of a group of investigators up in Boston in 1937 when we were checking then. Our offices have always been very, very clean. We haven't had any corruption. Our men are rated on their efficiency based on their energy and ability and knowledge, and yet they should be resourceful and conservative so that they don't make mistakes. That is one of the important things.

Mr. ROBINSON. Was the Guasti case in your section?

Mr. BIRCHER. No; I know nothing about that. There is one or two more, just one more item that I might mention. You asked me about these deductions.

During and since the war I was in charge of all the meat investigations involving tax frauds on OPA violators in this area, packers,

wholesalers. At that time it was our opinion that expenses for over-ceiling payments by retail markets and by wholesalers to the slaughterers, or to cattle growers, should not be allowed as deductions because it was our theory that any deductions are contrary to public policy, which are in violation of State or Federal law and should not be allowed as deductions. That was my theory.

Many of them in the Bureau in the different offices didn't agree. But we tried to present our ideas as forcefully as we could, and finally they did agree with us for a period of years. Then the courts changed it, and now they are back on the fence, and they said that any over-ceiling payments prior to January 1, 1945, will be allowed if a man can show that he made overceiling payments. Those since have not been allowed.

And I understand within the last few months they are again divided on the subject.

Congress has not clarified these items.

Senator TOBEY. Those activities are opening up again.

Mr. BIRCHER. Yes; I have the same situation a few years before with reference to spirits, alcohol. I had charge of a number of investigations involving the distribution of alcohol in this neighborhood. At that time it was my theory that such expenses for secret rebates were a violation of the State Fair Trades Practice Act, or the Unfair Trades Practice Act. There are two different acts. I thought those were violations of law, whether they were Federal or State; they should not be allowed by the Government as ordinary and necessary business expenses.

If we disallowed those and defined what should be allowable and what should not be allowable expense, it would make taxes easier for everybody and so discourage crime.

I have so argued in many of my reports. I have had considerable arguments with people from the legal departments in the Bureau. Sometimes they would make it optional with the local attorneys whether they would follow those.

Senator WILEY. How about black-market and gray-market prices?

Mr. BIRCHER. That is what I am talking about to some extent. Prior to January 1, 1945, the Bureau decided—the Commissioner advised us that we were to allow such a black-market or gray-market over-ceiling prices as part of the cost of goods. Since then we were not. Now, recently, there is a question whether we should or whether we shouldn't. Some courts in some jurisdictions say that it is proper deduction. Some say that it isn't. But that has always been my theory: that if someone could get Congress to define what are proper, allowable deductions, and when they involve anything in violation of public interest, such as some expense that tends to enable a person to carry on an illegal business, if it is in violation of State or Federal law, I think maybe if they define and said that if it was a violation of law, such expenses should not be allowed, then I think it would tend to discourage crime.

Senator TOBEY. In going over some return and you find something that is illegal, is it considered that it is your privilege and duty to report it to the authorities?

Mr. BIRCHER. You can't report it.

Senator TOBEY. You can't?

Mr. BIRCHER. No. If I am checking a narcotic peddler down here at the corner drug store and I find he is paying to the police department, or if I find he is paying—

Senator TOBEY. Is that in the law?

Mr. BIRCHER. Yes. You are prohibited. You cannot report it to any officials. What the internal-revenue agent and examiner learns in the course of his investigation cannot be reported to anyone. As a matter of fact, the only reason I can talk here about any cases—

Mr. ROBINSON. This is merely hearsay. But there was a kidnaping case in Chicago in which, I understand, there was \$75,000 ransom paid. That was reported in the return.

Mr. BIRCHER. As income by the recipients—

Mr. ROBINSON. And the internal-revenue agent knew that the tax was paid on that, I understand.

Mr. BIRCHER. Yes. I don't doubt that. As a matter of fact, here in this area I had a tax case against Sidney Graves several years ago, the former chairman of the county board of supervisors here. He was convicted in the State court here on charges of receiving \$80,000 bribe in connection with the settlement of some litigation involving the building of a dam here for the county. He took the \$80,000 bribe. He didn't report it for tax purposes. I talked to him in the penitentiary and asked him if he didn't want to straighten it out and pay tax on that bribe. He wouldn't pay tax on it. He wouldn't admit that he got it. But I proved that he got it—I even went farther than the State did in tracing the handwriting and so forth—so when he got out of the penitentiary I presented it down in court. They indicted him again on tax evasion based on the \$80,000 bribe he got. We sent him back to the penitentiary for 2 more years. That is because he didn't report the \$80,000 bribe.

Mr. HALLEY. Is there any specific information relative to organized crime, criminal activities in this area, getting away from these things and going back?

Mr. BIRCHER. No; I really know probably less than most anyone. I don't like that sort of thing.

Mr. HALLEY. When you had the Bugsy Siegel investigation, was the field investigation conducted by your office?

Mr. BIRCHER. Yes.

Mr. HALLEY. Did you go out and try to find his assets?

Mr. BIRCHER. Yes. I made an intensive investigation.

Mr. HALLEY. You wanted to make that an acid case?

Mr. BIRCHER. I traced Bugsy Siegel back to when he first made his money bootlegging. He was 21, almost a baby, back in 1921 to 1928, when he made all his money in garages bootlegging in New York. Then he didn't report much, if any, income during that period.

So the internal-revenue agent who resigned from the service and who lived up in Boston got in touch with him and told him he should report all that income he had; so this former agent prepared a delinquent return for him and reported \$600,000 or \$800,000 and paid a terrific taxable profit. So then Bugsy Siegel moved to Los Angeles, and he invested \$200,000 in stock, in some commodities in the purchase of stocks. He lost all that money.

Then some of the other money he invested in different ways. He told me that he paid tax on more income than he actually received when he was paying tax on about \$20,000 a year.



Mr. HALLEY. You don't believe that Bugsy Siegel ever lived on as little as \$20,000 a year; do you?

Mr. BIRCHER. No; I don't think so. He had quite a bit of money.

Senator TOBEY. Did you ever run into Virginia Hill?

Mr. BIRCHER. I never met her, but I have checked into her background and some of her connections with the people in Chicago and her home down in Miami Beach. Some of those reports trickled through me, but I didn't have much to do with them. In fact, they started a gangster or racketeer squad to handle those things in the Bureau of Internal Revenue, in the Intelligence Unit, about 3 or 4 years ago, and the man—one of the special agents in the Intelligence Unit in New York City was placed in charge to make some preliminary survey to see if there was organized crime in connections between one city and another.

So we sent all our papers on Bugsy Siegel and Virginia Hill and Tony Cornero. I checked all the gambling ships, Tony Cornero's gambling ships, the *Lux* and the *Reax*, and all those people years ago. But I haven't had any contact with that type of thing for more than 10 years.

Mr. ROBINSON. In connection with your examination of Siegel's financial affairs, did you ever encounter a \$25,000 loan from Siegel to Cohen?

Mr. BIRCHER. I never did.

I might say this: that when I retired from the service I always had a good reputation and I didn't know just what you wanted. It is true that I have accumulated several lots and things, if that is what you folks are interested in. I have purchased a number of lots over many years on a tax sale from the county; paid \$10 or \$20 on them as a result. I have a lot assessed to me on that account, but I don't have any more than just equities and possible equities in that.

Senator TOBEY. How long do they have to redeem those tax sales?

Mr. BIRCHER. The State legislature in this State has stated that once they have a tax sale and you get the deed there is no redemption. However, the title-insurance companies will not insure your title until after you have held it a year, then for a \$50 fee, a \$50 hazard fee, they will insure your title.

### TESTIMONY OF FRANK BOMPENSIERO, SAN DIEGO, CALIF.

The CHAIRMAN. Mr. Bompensiero, do you solemnly swear that the testimony you will give this committee is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BOMPENSIERO. I do.

Mr. HALLEY. What is your address?

Mr. BOMPENSIERO. 5878 Estelle, San Diego, Calif.

Mr. HALLEY. What is your business address?

Mr. BOMPENSIERO. 1028 Third Avenue.

Mr. HALLEY. San Diego?

Mr. BOMPENSIERO. San Diego.

Mr. HALLEY. In what business are you?

Mr. BOMPENSIERO. I own a cafe.

Mr. HALLEY. Do you have any other business?

Mr. BOMPENSIERO. No, sir.



Mr. HALLEY. How long have you owned the cafe? What is its name, first?

Mr. BOMPENSIERO. Gold Rail.

Mr. HALLEY. How long have you owned it?

Mr. BOMPENSIERO. I should say about 5 years.

Mr. HALLEY. Were you ever convicted of a crime?

Mr. BOMPENSIERO. Once; yes, sir.

Mr. HALLEY. Will you state what that was and when?

Mr. BOMPENSIERO. I was around 23 years old and it was during prohibition. It was a liquor case, I guess. I am sure it was.

Mr. HALLEY. You were convicted of a liquor violation?

Mr. BOMPENSIERO. Yes.

Mr. HALLEY. In what State?

Mr. BOMPENSIERO. California. San Diego County.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. BOMPENSIERO. Yes; I have.

Mr. HALLEY. For what offense or offenses?

Mr. BOMPENSIERO. Well, I will tell you. I was arrested for murder once.

Mr. HALLEY. In what year?

Mr. BOMPENSIERO. I think it was—I don't know if it was 1941, late in 1941. It was 1941; I can't recall it.

Mr. HALLEY. In San Diego?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Where?

Mr. BOMPENSIERO. In Los Angeles.

Mr. HALLEY. In connection with what murder?

Mr. BOMPENSIERO. I didn't know anything about it. I don't even know what murder it was.

Mr. HALLEY. How long were you held?

Mr. BOMPENSIERO. About 3 days.

Mr. HALLEY. Was the charge dismissed?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. On any other occasion were you arrested?

Mr. BOMPENSIERO. After I got out of the Army I borrowed an automobile and I was driving—I left my home, going down to work; I was speeding, I guess, a little bit, and they stopped me. There was a gun in the glove compartment and they arrested me, but later the owner of the car claimed the gun, which was his, and they dismissed it.

Mr. HALLEY. Did the owner have a license for the gun?

Mr. BOMPENSIERO. That I don't know, sir.

Mr. HALLEY. But the charge as to you was dismissed?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. Were you arrested on any other occasion?

Mr. BOMPENSIERO. I was arrested about 4 months ago for not paying a ticket. It was a \$5 ticket. I forgot to pay it and they took me down there. It cost me \$10.

Mr. HALLEY. Any other arrests?

Mr. BOMPENSIERO. Not since, sir.

Mr. HALLEY. Do you have any partners in your business?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. Who are they?

Mr. BOMPENSIERO. It is Frank Dragna and Louis Dragna.

Mr. HALLEY. They are related to Jack Dragna?

Mr. BOMPENSIERO. One is the son of Jack Dragna and one is a nephew.

Mr. HALLEY. When did they become your partners?

Mr. BOMPENSIERO. Since the first day we bought the place.

Mr. HALLEY. What capital did you contribute and what capital did they contribute?

Mr. BOMPENSIERO. I contributed \$12,000. I have one-third. The place cost \$38,000 at the time.

Mr. HALLEY. You put \$12,000 in?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. And they put the balance?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. How old is Jack Dragna's son?

Mr. BOMPENSIERO. He is about 26 years old. At the time he was out of the Army, I couldn't say. He was over 21, I am sure. He had to be over 21.

Mr. HALLEY. And the other boy?

Mr. BOMPENSIERO. I don't know. He is around 30 now. I couldn't say.

Mr. HALLEY. Who put the money up for them?

Mr. BOMPENSIERO. I don't know.

Mr. HALLEY. Was it their money or Jack Dragna's?

Mr. BOMPENSIERO. That I wouldn't know, sir.

Mr. HALLEY. Has Jack Dragna showed an interest in the business?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Does he come down and look it over?

Mr. BOMPENSIERO. If he has come over he has got no way to look into the business at all.

Mr. HALLEY. You met them through Jack Dragna; did you not?

Mr. BOMPENSIERO. I knew the kids for a long time. Yes, I did.

Mr. HALLEY. You knew Jack Dragna before you knew the kids?

Mr. BOMPENSIERO. Oh, yes.

Mr. HALLEY. How long have you known Jack Dragna?

Mr. BOMPENSIERO. Quite a few years.

Mr. HALLEY. Have you ever had any business relations with him?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. At no time with him?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Have you lived in San Diego all your life?

Mr. BOMPENSIERO. I lived there for 28 or 30 years.

Mr. HALLEY. Yes.

Mr. BOMPENSIERO. I came from the State of Wisconsin.

Mr. HALLEY. Where were you born?

Mr. BOMPENSIERO. Milwaukee, Wis.

Mr. HALLEY. You lived there until you came here?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. In what business were you in in Wisconsin?

Mr. BOMPENSIERO. I was just working in a factory, A. O. Smith.

Mr. HALLEY. What kind of a plant was it?

Mr. BOMPENSIERO. They make automobile parts.

Mr. HALLEY. And that was your only occupation until you came here?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. What was your occupation when you came to San Diego?

Mr. BOMPENSIERO. I used to fish for a living.

Mr. HALLEY. For how long did you do that?

Mr. BOMPENSIERO. I do not—I did that for about, I should say, about, maybe, a year.

Mr. HALLEY. Then what did you do?

Mr. BOMPENSIERO. Then I started selling a little liquor and I got caught at it.

Mr. HALLEY. Who were your associates in the liquor business?

Mr. BOMPENSIERO. I was by myself.

Mr. HALLEY. Did you know Dragna at that time?

Mr. BOMPENSIERO. At that time; no, sir.

Mr. HALLEY. When did you first meet Dragna?

Mr. BOMPENSIERO. About 1927.

Mr. HALLEY. Well, then, that was before your liquor conviction; was it not?

Mr. BOMPENSIERO. Yes, it was. Yes, sir; before my liquor conviction.

Mr. HALLEY. Were you still living in Wisconsin when you met Dragna?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Then you are here——

Mr. BOMPENSIERO. I came out here, I guess, it must have been 1926.

Mr. HALLEY. Now, do you know Joe Sica?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You have never met him?

Mr. BOMPENSIERO. Never met him.

Mr. HALLEY. What was your business after the prohibition conviction?

Mr. BOMPENSIERO. With me?

Mr. HALLEY. Yes.

Mr. BOMPENSIERO. I was working here and there.

Mr. HALLEY. Doing what?

Mr. BOMPENSIERO. Well, fishing once in a while; peddling fish for myself.

Mr. HALLEY. Any other businesses?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Were you ever in any gambling business?

Mr. BOMPENSIERO. Once, before I got in the Army, I tried to get a job in La Jolla in a gambling house there, and as I get in there, the same night they opened, the place got arrested, and I never got the job. So I was never in the gambling business in all my life.

Mr. HALLEY. How did you happen to meet Dragna?

Mr. BOMPENSIERO. I met him in San Diego through—he used to come down to my mother-in-law's. That time they weren't my mother-in-law's, but that is where I met him.

Mr. HALLEY. Do you know Momo Adamo?

Mr. BOMPENSIERO. I met him about 3, 4 years ago, about 5 years ago in San Diego. He come into my bar to buy a couple of drinks.

Mr. HALLEY. Who brought him in?

Mr. BOMPENSIERO. Just walked in.

Mr. HALLEY. Have you had any business dealings with Adamo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Were you in Tia Juana this year?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. In February?

Mr. BOMPENSIERO. Yes, sir; well, I wouldn't say the exact month, but I go down there just about, maybe, once a week, and I go down there to have dinners.

Mr. HALLEY. To have dinners?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. You have friends there?

Mr. BOMPENSIERO. No; my wife and I just go down there to have dinner.

Mr. HALLEY. Just eat there?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. Do you stay overnight or do you come back?

Mr. BOMPENSIERO. No, sir; come back the same night.

Mr. HALLEY. Do you know Frank Coppala, "Three-Finger Frank"?

Mr. BOMPENSIERO. I met him there.

Mr. HALLEY. In Tia Juana?

Mr. BOMPENSIERO. In this restaurant, the Caesar restaurant.

Mr. HALLEY. Who runs the Caesar restaurant?

Mr. BOMPENSIERO. A fellow by the name of Jimmie Matiotti, and he has got a partner there.

Mr. HALLEY. Will you spell that Matiotti?

Mr. BOMPENSIERO. I can't spell it. I only went to third grade. I haven't got too much education.

Mr. HALLEY. Do you know——

The CHAIRMAN. Is this Coppala the one from Kansas City?

Mr. ROBINSON. C-o-p-p-a-l-a.

Mr. HALLEY. Do you know Carollo?

Mr. BOMPENSIERO. I met him at that restaurant.

Mr. HALLEY. With Coppala?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. They were both there together?

Mr. BOMPENSIERO. At that time, yes, sir; while we were drinking.

Mr. HALLEY. Do you know Anthony Lapiparo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Have you never met him?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You know——

Mr. BOMPENSIERO. Spell the name again, sir.

Mr. ROBINSON. Lapiparo, from St. Louis.

Mr. BOMPENSIERO. Just a minute. You misspelled it, sir.

Mr. HALLEY. Lapiparo?

Mr. BOMPENSIERO. That is right. I met him there at the same restaurant.

Mr. HALLEY. Was he there that same night with all the others?

Mr. BOMPENSIERO. It was various nights. I go down there once or twice a week when I can take off that length of time to go for dinner. That is where I go. I never eat in San Diego.

Mr. HALLEY. Was a fellow named Lococo there?

Mr. BOMPENSIERO. Who?



Mr. HALLEY. Antonino Lococo?

Mr. BOMPENSIERO. I don't know him.

Mr. HALLEY. You may know him by the name of Daparisto.

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. How about Bartolino?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Carlo Sciotarno?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Giuseppe Caruso?

Mr. BOMPENSIERO. I believe not.

Mr. HALLEY. Gallo?

Mr. BOMPENSIERO. Gallo? Yes.

Mr. HALLEY. What did you discuss with Coppala and Carollo?

Mr. BOMPENSIERO. Not a thing, sir. I was drinking.

Mr. HALLEY. You were just drinking?

Mr. BOMPENSIERO. That is all, sir.

Mr. HALLEY. Were you drinking with them?

Mr. BOMPENSIERO. No, I got in there with my wife and we had a few drinks at this—the owner of this place said, “There is a couple of Italian fellows,” and he introduced me to them. I bought them a couple of drinks and they did the same with me.

Every time I would go down there they would find me down there.

Mr. HALLEY. Did you ever go down there with Tony Marobli?

Mr. BOMPENSIERO. Yes; once or twice a year, maybe.

Mr. HALLEY. What is his business?

Mr. BOMPENSIERO. He owns a cafe.

Mr. HALLEY. What cafe?

Mr. BOMPENSIERO. Rainbow Gardens.

Mr. HALLEY. Where is that?

Mr. BOMPENSIERO. That is on Fourth and F.

Mr. HALLEY. San Diego?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. At no time?

Mr. BOMPENSIERO. At no time.

Mr. HALLEY. Have you ever had any business dealings with either Carollo or Coppala?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Have you ever handed them money?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Are you sure?

Mr. BOMPENSIERO. You mean hand to hand, hand them money? I never did.

Mr. HALLEY. For any purpose whatsoever?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Have you ever had a bet with them?

Mr. BOMPENSIERO. I don't bet. I don't gamble, sir. Please believe me.

Mr. HALLEY. How did you happen to meet these people?

Mr. BOMPENSIERO. I told you I met them down there. I go down there once or twice a week, and this fellow said, “There is a couple of Italian fellows down there.” So I bought them a drink and they bought a drink back, and so then——

Mr. HALLEY. How did you meet Lapiparo?

Mr. BOMPENSIERO. The same way, sir.

Mr. HALLEY. Did you ever know Charley Binnagio?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Did you ever know Carlo Marcella?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know Gino Genevese?

Mr. BOMPENSIERO. Who?

Mr. HALLEY. Vito Gino Genevese.

Mr. BOMPENSIERO. Never heard of him.

Mr. HALLEY. Do you know Vincent Profissa?

Mr. BOMPENSIERO. Never heard of him.

Mr. HALLEY. Never heard of him?

Mr. BOMPENSIERO. In the newspapers and stuff like that, but as to knowing him, never heard of him.

Mr. HALLEY. Did you ever speak to him on the telephone?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You never met Tony Gizzo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know who he is?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know a man named Charles Balstraya or Frank Balstraya?

Mr. BOMPENSIERO. Out of Milwaukee?

Mr. HALLEY. No; out of Kansas City.

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know any of the Vischettis in Chicago?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Tony Arcardo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Do you know Joe Adonis?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. Were you ever arrested in TiaJuana?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Weren't you taken in by the TiaJuana officials for investigation?

Mr. BOMPENSIERO. The only place I have been arrested is in the United States of America; in no other country. I read that in Drew Pearson's column myself and I was surprised.

Mr. HALLEY. Is it your testimony that you have never had any business whatsoever with these people?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. You meet them in this bar in TiaJuana?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. What is the name of the bar?

Mr. BOMPENSIERO. Caesar's bar cafe, restaurant—Caesar's.

Mr. HALLEY. Has Jack Dragna ever gone to Caesar's bar with you?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. When did you first start going to Caesar's bar?

Mr. BOMPENSIERO. About 2 years ago, while he was building it. He used to have Marianna's first, and I used to go there once in a

while and he sold out there and he started building this place, and I kind of followed him. He is a pretty fair fellow.

Mr. HALLEY. How long have you known Caesar?

Mr. BOMPENSIERO. Not Caesar—you mean Jimmie?

Mr. HALLEY. Yes.

Mr. BOMPENSIERO. About 4 years altogether.

Mr. HALLEY. What is Jimmie's last name?

Mr. BOMPENSIERO. Jimmie Mاتيotti.

Mr. HALLEY. Who introduced you to Mاتيotti?

Mr. BOMPENSIERO. I just dropped in. I heard of their good food and I just dropped in there.

Mr. HALLEY. Do you know Tony Lococo?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. He comes from Kansas City.

Mr. BOMPENSIERO. I don't know him, sir.

Mr. HALLEY. Do you know Tony Marablis?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. Who is he?

Mr. BOMPENSIERO. He is a cafe owner.

Mr. HALLEY. Where?

Mr. BOMPENSIERO. San Diego.

Mr. HALLEY. You never met Charley Binnagio?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You never discussed him with the group that you met in San Diego—in Tiajuana?

Mr. BOMPENSIERO. Which group?

Mr. HALLEY. With Coppala and Carolla.

Mr. BOMPENSIERO. Why should I discuss it with anybody? I don't know any groups.

Mr. HALLEY. Did the name of Binnagio ever come up?

Mr. BOMPENSIERO. No, sir; not with me. It never did.

Mr. HALLEY. What did you folks talk about?

Mr. BOMPENSIERO. Just drinking. I didn't have no business with them. I only waste an hour or two down there. I had a couple drinks before dinner. An hour or two after dinner I leave.

Mr. HALLEY. What did you have in common with this group of people?

Mr. BOMPENSIERO. Nothing; I don't even know them.

Mr. HALLEY. But you like to go down and sit around and eat with them?

Mr. BOMPENSIERO. I would go to the bar and have a couple of drinks and my wife and I would eat.

Mr. HALLEY. You would stand at the bar and talk to them?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You did talk to them?

Mr. BOMPENSIERO. While I was having a drink or two.

Mr. HALLEY. What did you talk about?

Mr. BOMPENSIERO. Various things; nothing that would mean anything because I have my own business to take care of.

Mr. HALLEY. Did you at any time ever give or receive any sum of money to any of these people or from any of these people?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. I refer specifically to Carolla, Coppala, Lococo, Lapiparo, and Caruso.

Mr. BOMPENSIERO. No; Lapiparo once; I sent him \$200.

Mr. HALLEY. Who?

Mr. BOMPENSIERO. I did.

Mr. HALLEY. Which one?

Mr. BOMPENSIERO. Lapiparo.

Mr. HALLEY. Lapiparo?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. When did you send him \$200?

Mr. BOMPENSIERO. He come into the bar and he was going to San Francisco, or to Bay Meadows there, and he sent me a telegram from there that he was broke, so I sent him \$200.

Mr. HALLEY. Where did he send you the telegram?

Mr. BOMPENSIERO. To the Gold Rail.

Mr. HALLEY. How long had you known Lapiparo?

Mr. BOMPENSIERO. About, I should say—I imagine about 3, 4 weeks.

Mr. HALLEY. He must have felt that you were a good friend of his to ask for \$200.

Mr. BOMPENSIERO. Not necessarily. I loan money in the bar all the time to customers, and he come in and spend a little money down there, and he promised to send it back, which he did.

Mr. HALLEY. Did he ever intimate to you what they were doing there?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Do you know what Lapiparo's business is in St. Louis?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Did you ever hear of the Anthony Amusement Co.?

Mr. BOMPENSIERO. He talked about it, yes.

Mr. ROBINSON. Isn't that his business?

Mr. BOMPENSIERO. I don't know if it is or not. He talked about it.

Mr. ROBINSON. Did any of these individuals indicate to you what they were doing in Tiajuana at this particular time?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. They just happened to be there?

Mr. BOMPENSIERO. Yes, sir.

Mr. HALLEY. And you just happened to go down at that particular moment?

Mr. BOMPENSIERO. I go down twice a week. I still go down there.

Mr. HALLEY. Was there any prearrangement about your meeting them down there?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Two more questions. You know Jasper Matranga?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Joe Depolita?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. The Vitalli brothers, in Oceanside?

Mr. BOMPENSIERO. Yes, sir.

Mr. ROBINSON. What was the nature of your acquaintance with them?

Mr. BOMPENSIERO. Just know that they own a bar, and either they drop in once in a while and buy a drink in my place, and if I happen



to be in Los Angeles and on my way downtown—and on the way down, I stop in and buy a drink there.

Mr. ROBINSON. Do you know Frank Russo in Oceanside?

Mr. BOMPENSIERO. No.

Mr. ROBINSON. John Russo, in San Berdardino?

Mr. BOMPENSIERO. No, sir.

Mr. ROBINSON. Dr. Irata in San Diego?

Mr. BOMPENSIERO. No, sir. Never met him.

The CHAIRMAN. Have you ever been in the narcotics business?

Mr. BOMPENSIERO. No, sir.

The CHAIRMAN. Ever have anything to do with it?

Mr. BOMPENSIERO. No, sir.

Mr. HALLEY. You will remain under subpena.

The CHAIRMAN. If we want you back, we will let you know.

### TESTIMONY OF JAMES UTLEY, HOLLYWOOD, CALIF.

The CHAIRMAN. Mr. Utley, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. UTLEY. I do.

Mr. HALLEY. Where do you live?

Mr. UTLEY. 6108 Dundee Place, Hollywood, Calif.

Mr. HALLEY. Do you have a business address?

Mr. UTLEY. Not at the present time.

Mr. HALLEY. Do you have any business?

Mr. UTLEY. Not at the present time.

Mr. HALLEY. None whatsoever?

Mr. UTLEY. No.

Mr. HALLEY. Were you ever arrested?

Mr. UTLEY. Yes.

Mr. HALLEY. Were you ever convicted of a crime?

Mr. UTLEY. Yes.

Mr. HALLEY. What convictions?

Mr. UTLEY. Narcotics conviction, in 1937, I think.

Mr. HALLEY. What was that, a narcotic conviction?

Mr. UTLEY. Yes, sir.

Mr. HALLEY. Where?

Mr. UTLEY. Los Angeles.

Mr. HALLEY. You were sentenced to serve 2 years?

Mr. UTLEY. Correct.

Mr. HALLEY. Did you serve them?

Mr. UTLEY. Yes.

Mr. HALLEY. Were you convicted with anyone else, or were you alone?

Mr. UTLEY. Alone.

Mr. HALLEY. Alone?

Mr. UTLEY. Yes.

Mr. HALLEY. For selling or possession?

Mr. UTLEY. Both.

Mr. HALLEY. And have you any other conviction?

Mr. UTLEY. No.

Mr. HALLEY. I see you were arrested first in Birmingham, Ala.; is that right?

Mr. UTLEY. I think it is correct.

The CHAIRMAN. Did you come from Alabama?

Mr. UTLEY. I was just traveling through there with one of these carnival shows. You might say that.

Mr. HALLEY. You were arrested in Arkansas?

Mr. UTLEY. Yes; for suspicion.

Mr. HALLEY. And then you have been arrested on suspicion of robbery here?

Mr. UTLEY. Yes.

Mr. HALLEY. And suspicion of narcotics here in 1937 and on that you were finally convicted; is that right?

Mr. UTLEY. Correct.

Mr. HALLEY. In 1937 you were arrested on suspicion of pimping; is that right?

Mr. UTLEY. Yes.

Mr. HALLEY. No conviction?

Mr. UTLEY. No.

Mr. HALLEY. Discharged?

Mr. UTLEY. No charges filed.

Mr. HALLEY. No charges filed. In 1939 for extortion and kidnapping?

Mr. UTLEY. No charges filed.

Mr. HALLEY. There is something here about a bond. You must have had a charge filed in 1939.

Mr. UTLEY. Oh, there was a charge filed and I was exonerated.

Mr. HALLEY. You were exonerated?

Mr. UTLEY. Yes.

Mr. HALLEY. Then in 1939 you were arrested on a narcotics violation; is that right?

Mr. UTLEY. That is the same violation. They originally arrested me in 1937, and then didn't take any action on it for 2 years, and after a period of 2 years they decided to take action on the narcotics charge. There was no foundation to the charge originally.

The State originally had the charge and they finally turned it over to the Government for prosecution because the State felt they couldn't get a conviction on it, using the Government as a means, because—as a front for respectability, you might say. People might believe the Government more than they would the State.

The CHAIRMAN. Anyway, you got convicted in 1939?

Mr. UTLEY. Yes.

Mr. HALLEY. Now, in 1944 were you arrested in connection with suspicion of receiving stolen jewelry?

Mr. UTLEY. No.

Mr. HALLEY. Did you have any charge against you in connection with second-hand jewelry or was that a license application?

Mr. UTLEY. I think that was a license application. I had a jewelry store at the time.

Mr. HALLEY. You needed a license to handle second-hand jewelry?

Mr. UTLEY. Correct.

Mr. HALLEY. That was the jewelry store you had with Mickey Cohen?

Mr. UTLEY. I never had any business of any nature with Mickey Cohen.

Mr. HALLEY. You sold that one to Mickey, did you not?

Mr. UTLEY. No, sir; I did not.

Mr. HALLEY. Where was it located?

Mr. UTLEY. At 6109 Hollywood Boulevard. I am quite sure that is the correct address.

Mr. HALLEY. You were arrested for criminal conspiracy in 1946; is that right?

Mr. UTLEY. I think so.

Mr. HALLEY. What was that charge in connection with?

Mr. UTLEY. I don't know. It is one of these pick-up charges that they just book you on and they turn you loose. I don't remember exactly what it is. It wasn't important, I don't think.

Mr. HALLEY. What business have you been in in the last 2 years?

Mr. UTLEY. In the amusement business.

Mr. HALLEY. What forms of the amusement business?

Mr. UTLEY. Bridgo game of amusement.

Mr. HALLEY. Is that a gambling game?

Mr. UTLEY. No; it is licensed by the city of Los Angeles.

Mr. HALLEY. Have you operated any gambling games in the last 2 years?

Mr. UTLEY. I have not.

Mr. HALLEY. Have you ever been in the gambling business?

Mr. UTLEY. Quite a few years back.

Mr. HALLEY. When were you in the gambling business?

Mr. UTLEY. 1936, 1937.

Mr. HALLEY. Where and under what conditions?

Mr. UTLEY. I was in the bookmaking business on Santa Monica Boulevard.

Mr. HALLEY. Did you have any associates in that business?

Mr. UTLEY. No, myself.

Mr. HALLEY. You were all by yourself?

Mr. UTLEY. Yes.

Mr. HALLEY. Did you have wire service?

Mr. UTLEY. Yes, I did.

Mr. HALLEY. From whom did you get it?

Mr. UTLEY. It is 14, 15 years ago. I don't remember.

Mr. HALLEY. Why did you go out of the bookmaking business?

Mr. UTLEY. I went into the amusement business.

Mr. HALLEY. By "the amusement business" you refer to this Bridgo?

Mr. UTLEY. That is correct.

Mr. HALLEY. Where did you operate?

Mr. UTLEY. In Venice; that is in the city limits of Los Angeles.

Mr. HALLEY. Where else have you operated the Bridgo?

Mr. UTLEY. I have operated in San Mateo County. I have operated in Stockton. I have operated in Imperial, Calif.

Mr. HALLEY. The Los Angeles Police Department has shut down your Bridgo; is that right?

Mr. UTLEY. That's correct.

Mr. HALLEY. They contend it is a gambling game; isn't that correct?

Mr. UTLEY. That is the police department's version of it.

Mr. HALLEY. You have said that it is not?

Mr. UTLEY. The court has ruled—the original ruling on this game as high as the circuit court of appeals that the game is a legal game.

Mr. HALLEY. How does Bridgo work?

Mr. UTLEY. Well, first they throw balls at chips and if they get five in a row some way, or so forth, they win a prize. That is called Bridgo.

Now, after they have played a game of Bridgo, then they play cards, which are Bingo cards. You have seen them. They play Bingo anywhere. For that there is no charge. The people that participate in the game of Bridgo usually sit there and play the other game free, which they win prizes for.

Senator TOBEY. Where do you get your money, then?

Mr. UTLEY. We get our money on what we charge for the game of skill conducted with this game.

Mr. HALLEY. Do you mean the Bridgo?

Mr. UTLEY. The Bridgo; yes, sir.

Mr. HALLEY. And for how many years did the police department accept the story that that was legal?

Mr. UTLEY. For 10 years, 9 or 10 years.

Mr. HALLEY. The game of Bingo is free——

Mr. UTLEY. They recently decided it was not legal.

Mr. ROBINSON. I think I can probably clarify it. When the city of Venice consolidated and became a part of the city of Los Angeles, part of the consolidation agreement stipulated that the police officials would do nothing to interfere with games of skill at the beach. So that this Bridgo, it was contended, was a game of skill, and if a person made Bingo and paid for the cost of playing Bridgo they were entitled to these free Bingo cards.

Mr. UTLEY. That is correct; exactly right. It was agreed between Venice and the city of Los Angeles at the time that it came into the corporation of Los Angeles that games will be played there that they would not allow in any part of Los Angeles.

Mr. HALLEY. How long were you operating in Venice before the incorporation in Los Angeles?

Mr. UTLEY. I was not operating before then.

Mr. HALLEY. You were not at all?

Mr. UTLEY. No; I used to work for other people there.

Mr. HALLEY. In Venice?

Mr. UTLEY. Yes.

Mr. HALLEY. For whom did you work?

Mr. UTLEY. I worked for a man by the name of Gordon, Sam Gordon, who had one of those places years ago, maybe 18, 19 years ago.

Mr. HALLEY. Who are your associates in your business?

Mr. UTLEY. Irving Glasser.

Mr. HALLEY. Do you have any other associates?

Mr. UTLEY. Yes; Phil Tapper——

The CHAIRMAN. Who?

Mr. UTLEY. Phil Tapper, T-a-p-p-e-r.

Mr. HALLEY. Any others?

Mr. UTLEY. Max Klieger.

Mr. HALLEY. What other businesses do you have?

Mr. UTLEY. I have no other businesses.

Senator WILEY. How much money have you got invested in this business?

Mr. UTLEY. I should judge my share would amount to \$35,000, \$40,000. I couldn't give you an accurate figure. It is over a period of 9 or 10 years, so I couldn't be very accurate on the figures.



Senator WILEY. What proportion do you have?

Mr. UTLEY. I have a very small percentage.

Senator WILEY. Five percent?

Mr. UTLEY. Thirteen percent.

Mr. HALLEY. What percentage do the others have?

Mr. UTLEY. Well, to the best of my knowledge, I think Mr. Glasser has 18. His wife, I think, has some. Mr. Glasser is in charge of the business. It is licensed under his name, and I don't know exactly how it is portioned out.

Mr. HALLEY. What is your function in the business?

Mr. UTLEY. I was in charge of operations.

Mr. HALLEY. At what point, what place physically?

Mr. UTLEY. Well, at the Fortune.

Mr. HALLEY. Where is the Fortune located?

Mr. UTLEY. It is located at 1501 Ocean Front, Venice.

Mr. HALLEY. Is there any hotel or inn connected with it?

Mr. UTLEY. No.

Mr. HALLEY. Or any tavern?

Mr. UTLEY. No.

Mr. HALLEY. It is purely a——

Mr. UTLEY. A room for amusement purposes only.

Mr. HALLEY. For this game?

Mr. UTLEY. Yes.

Mr. HALLEY. Were you in charge at any other occasion?

Mr. UTLEY. For a short time.

Mr. HALLEY. Where?

Mr. UTLEY. At another location on the Colder Rose Bridge. I don't remember the exact address right now.

Mr. HALLEY. How many locations do you operate at?

Mr. UTLEY. I was interested in three locations.

Mr. HALLEY. Which were they?

Mr. UTLEY. Fortune, the Surf——

Mr. HALLEY. S-u-r-f?

Mr. UTLEY. And the Rose.

Mr. HALLEY. When did you first meet Glasser?

Mr. UTLEY. Oh, probably 15, 16 years ago.

Mr. HALLEY. What is his business?

Mr. UTLEY. Bail-bond business.

Mr. HALLEY. Have you any interest in the bail-bond business?

Mr. UTLEY. No; I do not.

Mr. HALLEY. When did you first meet your other associates?

Mr. UTLEY. I have known them all for 15 or 20 years.

Mr. HALLEY. What businesses are they in?

Mr. UTLEY. Some of them are in the bond business.

Mr. HALLEY. Were any in the bookmaking business? How about Phil Tapper?

Mr. UTLEY. Well, I couldn't make a definite statement as to his business.

Mr. HALLEY. What business did you think he was in?

Mr. UTLEY. If it is a matter of hearsay, I would say he was in the bookmaking business.

Mr. HALLEY. Did you ever talk to him about what business he had been in?

Mr. UTLEY. Little discussions about bookmaking. I assumed he was bookmaking. But I couldn't say.

Mr. HALLEY. That was the impression you had from your talk with him; is that right?

Mr. UTLEY. That is right.

Mr. HALLEY. What business had Klieger been in?

Mr. UTLEY. He has been in several concessions of amusements at the pier at Santa Monica, and he also has a bar there.

Mr. HALLEY. Has he ever been a bookmaker?

Mr. UTLEY. Not to my knowledge.

Mr. HALLEY. Were you ever interested in the Los Flores Inn?

Mr. UTLEY. Yes; I was.

Mr. HALLEY. When?

Mr. UTLEY. I think it was in 1948.

Mr. HALLEY. That is at Del-Mar?

Mr. UTLEY. Yes.

Mr. HALLEY. It overlooks the track; is that right?

Mr. UTLEY. Correct.

Mr. HALLEY. What percentage of that operation did you have?

Mr. UTLEY. I think there was four of in on that. I am not quite sure. There was stock issued in it, and I think I had one share out of four shares.

Mr. HALLEY. Who were the other three people?

Mr. UTLEY. Irving Glasser, Phil Tapper, and Max Klieger.

Mr. HALLEY. Do you know Jack Dragna?

Mr. UTLEY. Yes.

Mr. HALLEY. How long have you known Jack Dragna?

Mr. UTLEY. A good many years.

Mr. HALLEY. When did you first meet him?

Mr. UTLEY. Probably 15 years ago.

Mr. HALLEY. Have you ever had any business dealings with him whatsoever?

Mr. UTLEY. None whatsoever.

Mr. HALLEY. None of any nature?

Mr. UTLEY. None of any nature.

Mr. HALLEY. Have you ever had any business dealings with anybody who was in the wire-service business, the racing-wire service?

Mr. UTLEY. No; I have not.

Mr. HALLEY. Do you know whether anybody who had any relationship whatsoever to the racing wire had any connection with the Los Flores Inn?

Mr. UTLEY. I do not.

Mr. HALLEY. Was the Los Flores used as an observation point for getting information from the track?

Mr. UTLEY. No.

Mr. HALLEY. Are you sure of that?

Mr. UTLEY. Well, if it was used, it was not used with my knowledge.

Mr. HALLEY. Were you ever told it was used?

Mr. UTLEY. No; I was not.

Mr. HALLEY. You have no knowledge of that whatsoever?

Mr. UTLEY. None whatsoever.

Mr. HALLEY. Were you ever beaten in a restaurant in Los Angeles?

Mr. UTLEY. Yes.

Mr. HALLEY. Will you tell the committee when and where that happened?

Mr. UTLEY. I don't remember the dates. You probably have that on your record there, but I can tell you the details if you wish.

The CHAIRMAN. Tell us about when it was.

Mr. HALLEY. It was Lucey's Restaurant, wasn't it?

Mr. UTLEY. Yes.

Mr. HALLEY. How long ago, approximately? Four or five years?

Mr. UTLEY. Yes.

Mr. HALLEY. Who hit you there?

Mr. UTLEY. I don't know. I was facing—I was sitting at the bar and someone hit me from the rear, from the back, right over the back of the head here [indicating]. I was dazed. You know, and then they kept on hitting me. I could feel them hitting me but I couldn't see who it was because I was dazed.

Senator TOBEY. With his fist?

Mr. UTLEY. No, with a gun, and when I went down I could still feel him hitting me, and the next thing I knew I was sitting on a davenport, and they sent me an ambulance. They took me to the Hollywood Receiving Hospital and they sewed me up.

Mr. HALLEY. Were you alone?

Mr. UTLEY. In the restaurant; no.

Mr. HALLEY. Who was with you?

Mr. UTLEY. Well, I was there by myself but there were several people in the restaurant.

Mr. HALLEY. Were they people who knew you or were talking to you?

Mr. UTLEY. Everybody knew me. Most everybody knew me at the bar.

Mr. HALLEY. Who was standing at the bar near you?

Mr. UTLEY. I don't remember.

Mr. HALLEY. You have been asked about this a great deal?

Mr. UTLEY. Yes, I have.

Mr. HALLEY. Was there anybody at the bar who knew you?

Mr. UTLEY. There might have been several people that knew me.

Mr. HALLEY. Who?

Mr. UTLEY. But I don't remember who was there.

Mr. HALLEY. Can't you even give the committee the name of even one person who was there?

Mr. UTLEY. Well, the owner knew me. He was there.

Mr. HALLEY. Who were you talking to? You must have been standing there talking to people.

Mr. UTLEY. I had just walked in. I hadn't been there 2 minutes. It seemed that somebody might have been waiting for me because as I approached the bar and got on the stool and ordered a drink—didn't even get a chance to talk to anyone—the next thing I knew somebody hit me on the head and I was going down.

Senator TOBEY. Did it fracture your skull?

Mr. UTLEY. Yes.

Senator TOBEY. How long were you hospitalized?

Mr. UTLEY. A few days, and then I went home with a bandage on my head.

Senator TOBEY. Then you had no permanent ill results from it?

Mr. UTLEY. I don't think so.

Senator TOBEY. Who do you think hit you?

Mr. UTLEY. I have no idea.

Senator TOBEY. Wasn't there somebody there taken as witnesses?

Mr. UTLEY. There wasn't anything done about it.

Senator TOBEY. Didn't the bartender see it?

Mr. UTLEY. I never asked him.

Mr. HALLEY. Were you having any dispute with anybody at the time who might have had a reason to hit you?

Mr. UTLEY. No; not that I can remember.

Mr. HALLEY. Were you having any business problems?

Mr. UTLEY. None at all.

Mr. HALLEY. Are you afraid to give testimony about this matter?

Mr. UTLEY. No; I am not.

Mr. HALLEY. You are not?

Mr. UTLEY. No.

Mr. HALLEY. Were your friends afraid to say who hit you?

Mr. UTLEY. Well, that I don't know. If anyone saw me being hit, whether they said anything about it or not, I don't know.

Senator TOBEY. Were you given any warnings not to talk?

Mr. UTLEY. No.

Mr. HALLEY. What other businesses have you had in the last 5 years? I think you mentioned the Fortune in Venice.

Mr. UTLEY. Yes.

Mr. HALLEY. What is the Surf in Venice?

Mr. UTLEY. That is a Bridgo place, like the Fortune.

Mr. HALLEY. Did you have an interest in that?

Mr. UTLEY. Yes.

Mr. HALLEY. Who is Irene Veebie?

Mr. UTLEY. She is the daughter of a friend of mine.

Mr. HALLEY. Does she have a half interest in your share?

Mr. UTLEY. She has a certain interest in my share according to the amount that was put up by her for the original building of the establishment.

Mr. HALLEY. How much did she put up?

Mr. UTLEY. I think it was around \$5,000.

Mr. HALLEY. What is the name of her father?

Mr. UTLEY. James.

Mr. HALLEY. Who is Allen Handler?

Mr. UTLEY. He is an associate of mine that I have known for a good many years.

Mr. HALLEY. Are you in business with him?

Mr. UTLEY. He is not an associate. I want to correct it. He is an acquaintance of mine for a good many years.

Mr. HALLEY. How well do you know him?

Mr. UTLEY. I have known him for 20 years.

Mr. HALLEY. What business is he in?

Mr. UTLEY. Well, he has a small interest with me in the Bridgo.

Mr. HALLEY. In what?

Mr. UTLEY. In the Bridgo.

Mr. HALLEY. Is he a bookie?

Mr. UTLEY. No, sir.

Mr. HALLEY. Has he ever been one?

Mr. UTLEY. No, sir.



Mr. HALLEY. Has he never talked to you about the bookmaking business?

Mr. UTLEY. No.

Mr. HALLEY. You have no knowledge that he is a bookie?

Mr. UTLEY. I don't think he is a bookie.

Mr. HALLEY. What share does he have in the Bridgo?

Mr. UTLEY. His proportion of a \$5,000 investment with me.

Mr. HALLEY. You invested only \$5,000 in that?

Mr. UTLEY. No, I invested quite a bit of money, but when I did make the investment he invested \$5,000 with me. He gets his share.

Mr. HALLEY. What did you invest?

Mr. UTLEY. Well, from time to time I must have invested over \$30,000.

Mr. HALLEY. What other businesses have you had?

Mr. UTLEY. The jewelry business in 1940-something.

Mr. HALLEY. How long were you in that?

Mr. UTLEY. I think about 2 years.

Mr. HALLEY. Did you sell out?

Mr. UTLEY. Yes.

Mr. HALLEY. To whom?

Mr. UTLEY. I don't remember the name of the people.

Mr. HALLEY. Did you have any partners in the jewelry business?

Mr. UTLEY. Yes, I did.

Mr. HALLEY. Who?

Mr. UTLEY. A man by the name of King, George King.

Mr. HALLEY. Does he come from Cleveland?

Mr. UTLEY. No, he lived here, I think, most of his life.

Mr. HALLEY. Does he have another name, Angasola?

Mr. UTLEY. No, he is a jeweler. He has been in the jewelry business in Los Angeles for at least 15 years that I know of.

Mr. HALLEY. What other partners did you have?

Mr. UTLEY. In the jewelry business?

Mr. HALLEY. Yes.

Mr. UTLEY. None others.

Mr. HALLEY. How much did you invest in the jewelry business?

Mr. UTLEY. I don't remember exactly. I think around \$20,000.

Mr. HALLEY. Of your own money?

Mr. UTLEY. Yes.

Mr. HALLEY. Cash?

Mr. UTLEY. Well, I think it was cash.

Mr. HALLEY. What year did you invest that?

Mr. UTLEY. I think it was either 1945 or 1946.

Mr. HALLEY. How did you accumulate that? Your income tax shows very small income in the early years.

Mr. UTLEY. My wife always had a little money. Her mother died and left her a bit of money.

Mr. HALLEY. How much did her mother leave her?

Mr. UTLEY. Maybe \$7,000 or \$8,000.

Mr. HALLEY. How did you accumulate \$20,000?

Mr. UTLEY. Well, I don't know. At the time maybe I borrowed it for the time being. I borrowed a lot of money at times and paid it back.

Mr. HALLEY. You said it was your own a little while ago.

Mr. UTLEY. It has been 5 or 6 years. I just don't remember what the transaction was, but I know the jewelry store was paid for in cash. Where I got the money, right now, I couldn't say. I might have borrowed it.

Mr. HALLEY. Before you went into the jewelry business, you were what, an assistant manager at the Fortune, or manager, or what?

Mr. UTLEY. I was manager.

Mr. HALLEY. What was your salary?

Mr. UTLEY. \$100 a week.

Mr. HALLEY. And then you were in the Specialty Stitching Co. What was that?

Mr. UTLEY. It was some kind of a deal that somebody promoted me for. I don't remember. I know I lost something on it. It wasn't my business, and every time I got into something that wasn't my business I usually wound up losing something.

Mr. HALLEY. What kind of a business was it?

Mr. UTLEY. We were manufacturing something.

Mr. HALLEY. Who is J. J. Gogan?

Mr. UTLEY. Gogan? I don't remember the name.

Mr. HALLEY. Where did you get this cash? You just don't show you were earning any particularly large amounts of money in the years before you went into this jewelry business.

Mr. UTLEY. I don't remember offhand where I got the cash.

Mr. HALLEY. Has the Bureau of Internal Revenue investigated you?

Mr. UTLEY. Yes, they have, for 1946 and 1947, or whenever it was.

Mr. HALLEY. Have they assessed any penalties?

Mr. UTLEY. Yes; there was an adjustment made.

Mr. HALLEY. How much?

Mr. UTLEY. I think an additional \$2,500 on my tax besides what was originally paid.

Mr. HALLEY. You reported for 1945 an income of \$5,700; is that right?

Mr. UTLEY. I don't know.

Mr. HALLEY. Do you recall that?

Mr. UTLEY. I think that was readjusted.

Mr. HALLEY. Upward?

Mr. UTLEY. Upward; yes.

Mr. HALLEY. And you reported for 1946 an income of only \$987.

Mr. UTLEY. I don't think that is correct.

Mr. HALLEY. It says: "Income reported, \$1,987, with a loss of \$1,000 carried over."

Mr. UTLEY. I don't think that is correct.

Mr. HALLEY. You don't know?

Mr. UTLEY. I don't think it is correct. There are some years I had better income than that.

Mr. HALLEY. You did?

Mr. UTLEY. Yes.

Mr. HALLEY. Well, what did you do about the tax on it? How did you report it?

Mr. UTLEY. I reported whatever my income was.

Mr. HALLEY. This doesn't show up here. Did you bring any of your own records with you?

Mr. UTLEY. No; I did not.

Mr. HALLEY. Your income tax?

Mr. UTLEY. No; I did not.

Mr. HALLEY. Who is your accountant?

Mr. UTLEY. Harry Sackman.

Mr. HALLEY. How long has he represented you?

Mr. UTLEY. I think about 3 years.

Mr. HALLEY. How did you get to know him?

Mr. UTLEY. He was doing work for Irving Glasser and so I went to him.

Mr. HALLEY. You mean Glasser introduced you?

Mr. UTLEY. Yes.

Mr. HALLEY. You say you have no business with Glasser other than the Bridgo-Bingo?

Mr. UTLEY. No.

Mr. ROBINSON. Did you have any connection at all with the Guarantee Finance Co.?

Mr. UTLEY. I did not.

Mr. ROBINSON. Do you know the president of the Guarantee Finance Co.?

Mr. UTLEY. An acquaintance.

Mr. ROBINSON. Quite well?

Mr. UTLEY. I knew him; yes.

Mr. ROBINSON. You know Marvin Kobey?

Mr. UTLEY. Yes; I do.

Mr. ROBINSON. You know Phil Kober?

Mr. UTLEY. Yes; I do.

Mr. ROBINSON. Were you ever on the premises of the Guarantee Finance Co.?

Mr. UTLEY. Yes; I was.

Mr. ROBINSON. Will you state what that occasion was?

Mr. UTLEY. I don't know for sure. I think it was something pertaining to a bridgo game that Kobey was running.

Mr. ROBINSON. Perhaps I can help you. Do you know Pat Conners?

Mr. UTLEY. Yes; I do.

Mr. ROBINSON. Did you ever go to the premises of the Guarantee Finance Co. with Pat Conners?

Mr. UTLEY. She was in my car and I drove by there and I stopped and left her in the car and I went into the finance company. I told Kobey, who I had in the car, and asked him if he knew her or knew anything about her or whether he had done any business with her, because I felt she was contacting me for information or other things. He gave me a very low opinion of her, and that is what I wanted to know, and I—after I left—I drove her back.

Mr. ROBINSON. Did you know at that time the Los Angeles Police Department had seized the records of the Guarantee Finance Co.?

Mr. UTLEY. No; I did not.

Mr. ROBINSON. Did you have anything to do with the return of those records to the Guarantee Finance Co.?

Mr. UTLEY. The Guarantee Finance Co. records?

Mr. ROBINSON. For the Kobey Collection Agency?

Mr. UTLEY. Their records?

Mr. ROBINSON. That is right.

Mr. UTLEY. For their business?

Mr. ROBINSON. That is correct.

Mr. UTLEY. A loan business?

Mr. ROBINSON. The Kobey Collection Co. or the Guarantee Finance Co.

Mr. UTLEY. I never had any of their records or never returned any.

Mr. ROBINSON. Did you ever conduct any negotiations for the return of their records?

Mr. UTLEY. No.

Mr. ROBINSON. Did you have any association with the recall movement of Mayor——

Mr. UTLEY. Pardon me? May I say that I—you said the finance company records. I did return some record to keep but they were not finance company records.

Mr. ROBINSON. Will you explain what the records were?

Mr. UTLEY. They were bookmaking records.

Mr. ROBINSON. Records that were taken from Donald Himbow, is that correct?

Mr. UTLEY. I don't know who they were taken from, but they were sheets for bookmaking, and I met Kobey, not at the office. I gave him the sheets. The reason I am explaining this is the word "record" in there. I might confuse one with the other.

Mr. ROBINSON. Just what were your negotiations with respect to the records that you refer to now?

Mr. UTLEY. A person gave me the records and I gave them to Marvin Kobey.

Mr. ROBINSON. Can you identify the person?

Mr. UTLEY. Yes.

Mr. ROBINSON. Will you do so for the record?

Mr. UTLEY. Manuel Lieberman gave me the records.

Mr. ROBINSON. What business is he in?

Mr. UTLEY. I think he was an informant for the police department.

Mr. ROBINSON. Were you interceding for Kobey in that connection?

Mr. UTLEY. Yes, I did.

Mr. ROBINSON. Did you have any connection with the recall movement of Mayor Bowron in 1949?

Mr. UTLEY. No.

Mr. ROBINSON. You are sure you had no connection with it?

Mr. UTLEY. No.

Mr. ROBINSON. You did not contribute anything to that recall movement?

Mr. UTLEY. I did not.

Mr. ROBINSON. You were not associated with the group called the Big Five?

Mr. UTLEY. I don't know who the Big Five are.

Mr. ROBINSON. I was going to ask you that.

The CHAIRMAN. Let us get to anything else here we have got.

Mr. HALLEY. You had nothing to do with the recall whatsoever?

Mr. UTLEY. No.

Mr. HALLEY. Did you ever make a proposition to anybody about calling the recall off?

Mr. UTLEY. I did not.

Mr. HALLEY. Did you ever send any emissary or agent or anybody whatsoever to talk——



Mr. UTLEY. I did not.

Mr. HALLEY. Let me finish my question. To talk to the mayor?

Mr. UTLEY. I did not. The reason I answered it so soon, I read about it before somewhere in the papers.

Mr. HALLEY. Let's be very specific.

Mr. UTLEY. I did not.

Mr. HALLEY. Let's get a question before you answer it, if you don't mind. I know you are anxious to clear yourself, but you can't clear yourself unless you answer a question.

Did you ever discuss with anybody the question of having the recall discontinued—and I refer to the recall of Mayor Bowron.

Mr. UTLEY. Yes.

Mr. HALLEY. With whom?

Mr. UTLEY. A girl by the name of Polly Gould.

Mr. HALLEY. When and where did you have such discussion?

Mr. UTLEY. I think it was in her house.

Mr. HALLEY. Did you go there at her request or at yours?

Mr. UTLEY. At her request.

Mr. HALLEY. Will you tell the committee just what happened?

Mr. UTLEY. She told me she had contacted someone in the mayor's office and if I could help kill the recall the administration would feel very kindly toward me.

Mr. HALLEY. Go ahead.

Mr. UTLEY. I told her that I would like to kill the recall if I could, and the only consideration that I would want from the administration would be to get any legitimate licenses that any other person had in the city of Los Angeles, not stating what it was, and for that consideration I would do anything to help kill the recall.

Mr. HALLEY. Did she approach you, or did you approach her?

Mr. UTLEY. She approached me.

Mr. HALLEY. Did you have any discussions directly with the mayor about it?

Mr. UTLEY. I did not.

Mr. HALLEY. Do you know Mr. Ed Montgomery?

Mr. UTLEY. Can't place the name.

Mr. HALLEY. What finally happened? Did you authorize her to have a discussion with the mayor?

Mr. UTLEY. I did.

Mr. HALLEY. Did she report back to you?

Mr. UTLEY. She did.

Mr. HALLEY. What did she say?

Mr. UTLEY. She said that if I showed any results on helping to kill the recall they would give me any honest consideration they would give anyone else.

Mr. HALLEY. Did she say that the mayor had authorized her to say that?

Mr. UTLEY. She did.

Mr. HALLEY. What did you do then?

Mr. UTLEY. I lost confidence in her. She talked too much.

Mr. HALLEY. What caused you to lose confidence in her?

Mr. UTLEY. She talked too much, and I was under the impression she had a dictaphone in there, and I made things as brief as possible and avoided seeing her any further.

Mr. HALLEY. You mean you went to her home to have these discussions?

Mr. UTLEY. She would call me and ask me to come to her home.

Mr. HALLEY. Did you see anybody at all in connection with trying to have the recall discontinued?

Mr. UTLEY. I mentioned it to Irving Glasser and he was in favor of helping the recall being discontinued, but—

Mr. HALLEY. When did you mention it to Glasser?

Mr. UTLEY. After I had an interview with Polly Gould.

Mr. HALLEY. Did you talk to Glasser about what you might be able to do to get the recall discontinued?

Mr. UTLEY. Only not support the opposition, financially or in any other way.

Mr. HALLEY. Were you supporting the opposition financially?

Mr. UTLEY. I was considering it, raising funds for the opposition.

Mr. HALLEY. Who asked you to do that?

Mr. UTLEY. No one. I just was doing it as a general thing.

Mr. HALLEY. You opposed Bowron because of his stopping your game of bridgo-bingo, I presume?

Mr. UTLEY. That is about it.

Mr. HALLEY. You know a lawyer named Rummel?

Mr. UTLEY. Yes, I do.

Mr. HALLEY. Did you talk to him about discontinuing the recall?

Mr. UTLEY. No, I did not.

Mr. HALLEY. Was he raising money for the recall?

Mr. UTLEY. Not to my knowledge.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. UTLEY. Yes, I do.

Mr. HALLEY. Have you ever had any business relations with him?

Mr. UTLEY. No.

Mr. HALLEY. You said that before. Are you quite sure of it?

Mr. UTLEY. Yes.

Mr. HALLEY. Never gave him any money?

Mr. UTLEY. No.

Mr. HALLEY. Did he ever borrow any from you?

Mr. UTLEY. He tried

Mr. HALLEY. When?

Mr. UTLEY. Years ago.

Mr. HALLEY. How many years ago?

Mr. UTLEY. 3 or 4 years ago.

Mr. HALLEY. And you refused?

Mr. UTLEY. I did.

Mr. HALLEY. Do you own an apartment house?

Mr. UTLEY. I did.

Mr. HALLEY. When?

Mr. UTLEY. Up to about 6 months ago.

Mr. HALLEY. What was the name of it?

Mr. UTLEY. Formosa Apartments.

Mr. HALLEY. What did you pay for it?

Mr. UTLEY. \$115,000.

Mr. HALLEY. How much cash?

Mr. UTLEY. I have a partner in it.

Mr. HALLEY. Who was that?

Mr. UTLEY. Irving Glasser and his brother Louie Bernbaum.

Mr. HALLEY. How much of it did you own?

Mr. UTLEY. I did own one-third of it.

Mr. HALLEY. Did you pay cash for your third?

Mr. UTLEY. No, we did not.

Mr. HALLEY. How much cash did you put into it?

Mr. UTLEY. I think I put in about \$21,000 or \$22,000 in cash.

Mr. HALLEY. Where did you get this money?

Mr. UTLEY. This is after I sold the jewelry store.

Mr. HALLEY. What did you sell the jewelry store for?

Mr. UTLEY. I don't remember the exact figures. We took inventory. Maybe around \$15,000, and then I had some jewelry left over which I sold at intervals that they didn't accept at the time of the purchase, the people that bought it.

Mr. HALLEY. Do you know anything else, any other property or any other business?

Mr. UTLEY. No, I don't.

Mr. HALLEY. Have you owned any other in the last 5 years than what we have discussed?

Mr. UTLEY. No.

The CHAIRMAN. Have you got a Cadillac?

Mr. UTLEY. Yes, I have.

The CHAIRMAN. A new one?

Mr. UTLEY. A '49.

Senator WILEY. How much did Mickey want to borrow from you?

Mr. UTLEY. \$3,000.

Senator WILEY. \$3,000?

Mr. UTLEY. Yes, sir.

Senator WILEY. When was that in relation to the time you were assaulted?

Mr. UTLEY. That was after I was assaulted.

Senator WILEY. Are you sure of that?

Mr. UTLEY. Quite sure.

Senator WILEY. Why did you refuse him?

Mr. UTLEY. I didn't feel he was a good risk, and I might not have had the cash at the time. I am not sure.

Senator WILEY. How many times has he tried to persuade you to loan money to him?

Mr. UTLEY. That was the only occasion.

Senator WILEY. Are you real friendly with him?

Mr. UTLEY. No.

Senator WILEY. Why?

Mr. UTLEY. I have no business with him and I have no desire to be friends with him.

Senator WILEY. Why?

Mr. UTLEY. Well, I don't see any future in doing business with him, so naturally I don't encourage his friendship.

Senator WILEY. Do you think he had anything to do with slugging you?

Mr. UTLEY. I don't think so.

Senator WILEY. Why?

Mr. UTLEY. If he had, I think I would have got some definite information on it.

Senator WILEY. You were certainly an ordinary chap. Do you have any idea of who assaulted you on that particular occasion?

Mr. UTLEY. To be very truthful, I have no idea and couldn't see him. It has been puzzling me very much.

Senator WILEY. Have you got any bodyguards?

Mr. UTLEY. No.

Senator WILEY. Has anyone assaulted you since or before?

Mr. UTLEY. No; never did.

The CHAIRMAN. Mr. Utley, what did you actually do about stopping the recall? Did you get out and work against it—I mean for the recall?

Mr. UTLEY. I anticipated getting some money together for the recall, and after talking to this party I dropped all the plans and didn't do anything about it.

The CHAIRMAN. Did you feel that you were going to get some reward if the recall failed, some consideration?

Mr. UTLEY. I felt that I would not have the animosity of the city administration, and for that, if I was going into some legitimate business, I might be able to obtain a license for it.

The CHAIRMAN. You really got the recall thing started, didn't you?

Mr. UTLEY. No; I did not.

The CHAIRMAN. I mean, you and your group.

Mr. UTLEY. No, I had nothing to do with it.

The CHAIRMAN. Glasser did?

Mr. UTLEY. No; not to my knowledge.

(At this point there was a brief recess for a press conference between the members of the committee and the members of the press.)

#### TESTIMONY OF IRVING GLASSER, LOS ANGELES, CALIF.

The CHAIRMAN. Mr. Glasser, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GLASSER. I do.

The CHAIRMAN. Mr. Glasser, we have a good many matters we want to talk over with you. We have been here 3 days, and I am sorry we haven't gotten to all of you sooner. We wondered if you would have any objection to giving Mr. Robinson or Mr. Van Brunt the answers to certain questions that they might ask you.

Mr. GLASSER. Not at all, if they have a right to do it.

The CHAIRMAN. What I am asking is, I would like to have your agreement to designate them to ask you about certain matters instead of going on through it at this time.

Mr. GLASSER. I don't know what you mean, Senator.

Senator WILEY. That is, that they take over instead of him.

Mr. GLASSER. I have no objection Mr. Robinson or Mr. Halley.

Mr. HALLEY. Senator Kefauver means that he wants your statement.

Mr. GLASSER. I will be most happy to, if they have the right.

Mr. HALLEY. Do you agree?

Mr. GLASSER. I have no objection.

Mr. HALLEY. Let Mr Van Brunt here have him on Monday.

Mr. GLASSER. Can't we do it now, while I am here? It is not going to be convenient for me to come back and for the gentleman.



The CHAIRMAN. Where do you live?

Mr. GLASSER. I live here in Los Angeles—I lived here in Los Angeles for the past 45 years. You get my position, Senator, being in the nature of the business I am in, more people call my office, lawyers begin to worry: what are you doing up there? And all of that. If you want to ask me anything here, I am ready, willing, and able.

Mr. HALLEY. I don't know if it can be done here.

Mr. GLASSER. I am not afraid of anything or anybody.

Mr. HALLEY. Would you be just a little more cooperative?

Mr. GLASSER. I will.

Mr. HALLEY. At room 228 in this building, 10 o'clock, at room 228.

Mr. GLASSER. You are sure, Senator, he has the right to ask questions?

Mr. HALLEY. Do you agree to answer them?

Mr. GLASSER. I don't know. You are putting me in a very precarious position. I don't want to go from pillar to post. If there is a Federal inquisitorial body or a fact-finding body, here I am.

Mr. HALLEY. We are asking if you are willing to cooperate to the extent of telling the facts to our investigators. Are you or aren't you?

Mr. GLASSER. I will tell the facts to any living human.

Mr. HALLEY. Will you appear and give the facts Monday morning to Mr. Van Brunt?

Mr. GLASSER. Is it a proper thing to do?

Mr. HALLEY. It is a very proper thing to do, if you are willing to do it.

Mr. GLASSER. I don't want to make it sound difficult.

Mr. HALLEY. You are making it sound difficult.

The CHAIRMAN. The only difference is, that, of course, he has no right to subpoena you to appear, but if you agree to appear, then it serves our purpose just as well.

Mr. GLASSER. To expedite matters for you if I let him interrogate me. It is simple enough. I am sorry I didn't have the privilege of testifying before or talking to you. Do I have this body's agreement to ask Mr. Van Brunt or the marshal to turn back my office records when he is through looking at them tomorrow or Monday?

The CHAIRMAN. The marshal has your office records.

Mr. GLASSER. Yes; I turned them over to him myself.

Mr. HALLEY. They will be returned within a few days.

Mr. GLASSER. Let's get this straight. It is very important to me.

Mr. ROBINSON. I would like to have an hour or two or three to look through them.

Mr. GLASSER. Let's make it that you give them back to me Monday at 5 o'clock.

Mr. ROBINSON. He is going to be occupied interrogating you.

Mr. GLASSER. When is he supposed to look at the records?

Mr. ROBINSON. Can we make it Tuesday at 5?

Mr. GLASSER. Will you order him to return all my records and papers by Tuesday at 5? I need them.

Mr. HALLEY. You are also continued on subpoena because the committee will be back in this area, and at such time as it comes back it may require your testimony.

The CHAIRMAN. We may or may not, but if we call you the same subpoena will exist.

Mr. GLASSER. Does that give me the right to leave the jurisdiction of the city?

The CHAIRMAN. Just leave word.

Mr. GLASSER. Why don't you have Mr. Robinson cross-examine? He looks [indicating Mr. Van Brunt] like he is mad. No hard feelings.

#### TESTIMONY OF CASPER ROTONDO, SR., SAN BERNARDINO, CALIF.

The CHAIRMAN. Mr. Rotondo, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROTONDO. I do.

The CHAIRMAN. I just wanted to ask you if that is a picture of a horse parlor you have.

Mr. ROTONDO. It looks like it, Senator.

The CHAIRMAN. Where is that?

Mr. ROTONDO. At 1965 Fifth Street, San Bernardino.

The CHAIRMAN. All those pictures are of the same building?

Mr. ROTONDO. Yes, sir.

The CHAIRMAN. Let those pictures, when they are all fastened together, be an exhibit.

Let me ask you this. The time is late; of course, it is not your fault. You have been here. The committee has urgent business to attend to. We wondered if you would be willing to give your testimony and answer questions of one of the members of our staff instead of remaining here this afternoon.

Mr. ROTONDO. Certainly, Senator.

The CHAIRMAN. Mr. Van Brunt will—can you handle him?

Mr. VAN BRUNT. Yes, sir.

The CHAIRMAN. 228 Federal Building, say, 11 o'clock.

Mr. VAN BRUNT. Monday? I would rather make it Tuesday; it will be more convenient.

The CHAIRMAN. Is that convenient with you?

Mr. ROTONDO. Yes, Senator.

#### TESTIMONY OF CASPER ROTONDO, JR., LOS ANGELES, CALIF.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth and nothing but the truth, so help you God?

Mr. ROTONDO, JR. I do.

The CHAIRMAN. You might as well bring your son in at the same time.

Mr. HALLEY. 11 o'clock Tuesday.

Mr. ROTONDO, JR. At room 228.

The CHAIRMAN. Mr. Rotondo, Sr., I want to give you this information. I think this information should be given to your son, too.

No questions will be asked you, I don't imagine, that violate your constitutional rights, but I did want to advise you that you or your son might be asked questions which would incriminate you of a Federal offense; then you do not have to answer that. I just wanted to tell you that.

Mr. ROTONDO, SR. Yes.

The CHAIRMAN. You are giving testimony before Mr. Van Brunt.

Mr. ROTONDO, SR. That is Tuesday at 11, did you say?

Mr. VAN BRUNT. 11 o'clock.

The CHAIRMAN. Come in at the same time.

Mr. ROTONDO, JR. Yes, sir.

Mr. VAN BRUNT. Let's make that 10 o'clock.

The ROTONDO, JR. 10 o'clock, Tuesday at 10.

### TESTIMONY OF HYMIE MILLER, LOS ANGELES, CALIF.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MILLER. I do.

The CHAIRMAN. Mr. Miller, where do you live?

Mr. MILLER. 121 South Citrus Avenue.

The CHAIRMAN. What are you doing there?

Mr. MILLER. What am I doing there?

The CHAIRMAN. What is your business?

Mr. MILLER. I am in Las Vegas right now, in the sports service business.

The CHAIRMAN. Are you going to be here Monday or Tuesday in Los Angeles?

Mr. MILLER. Monday I am to appear in Santa Monica in the superior court on this case of mine that I have been arrested about 4 months ago.

The CHAIRMAN. What we were trying to get at, the committee has urgent business and it is necessary to discontinue this hearing this afternoon as soon as possible because of many reasons, and we wanted to see if you would be willing to answer questions before one of our officers.

Mr. MILLER. I would be willing, Senator, if you can get me a continuance in the other court. I can't be in both places.

The CHAIRMAN. But your case starts there.

Mr. MILLER. It is supposed to start on Monday.

Mr. HALLEY. Will you be on trial?

Mr. MILLER. We don't know.

Mr. HALLEY. Why couldn't he communicate with Mr. Van Brunt? Why not as soon as he finishes in court, get in touch with Mr. Van Brunt and then give his testimony.

The CHAIRMAN. Are you in a hurry this afternoon?

Mr. MILLER. I have been waiting here for 3 days, Senator.

Mr. ROBINSON. What is your telephone number?

Mr. MILLER. Whitney 9531.

Senator WILEY. What does the trial involve on Monday?

Mr. MILLER. It is the 337-A, subdivision 2, Penal Code, maintaining paraphernalia in a bookmaking establishment.

The CHAIRMAN. Suppose we just ask Mr. Miller a few questions right now, and then if Mr. Van Brunt or Mr. Ruymann want to call him in later on for further examination, that will be all right with you, won't it?

Mr. MILLER. Yes, sir.

Mr. ROBINSON. You were arrested by the Culver City Police Department?

Mr. MILLER. Well, Senator, I am no lawyer and I haven't got an attorney. I would like to ask you people if this would self-incriminate me by answering these questions on account of this situation.

The CHAIRMAN. The arrest you are talking about is the thing you are coming up for trial on?

Mr. MILLER. Yes; I am coming up.

The CHAIRMAN. That is going to start on Monday?

Mr. MILLER. Monday.

The CHAIRMAN. The rule that you don't have to answer any questions stands, and the Chair won't order you to answer any questions that would tend to incriminate you of a Federal offense.

You haven't any such privilege of not answering something to do with a State offense.

Mr. MILLER. I must answer the questions.

The CHAIRMAN. Was that what you were going to ask him about, some matter in connection with this?

Mr. ROBINSON. That is correct.

The CHAIRMAN. I think probably, in fairness, it would be best for our staff to keep in touch with you and ask you to come in right after your trial is over.

Mr. HALLEY. You will then give them a full statement. You will then answer whatever questions they put to you.

Mr. MILLER. Sure. I will be glad to.

The CHAIRMAN. Are there any matters not connected with this trial that you want to ask him about?

What do you operate in Las Vegas?

Mr. MILLER. A sports book service. That is baseball, football, betting commissioning.

The CHAIRMAN. Does your trial have anything to do with that?

Mr. MILLER. I wouldn't know, Senator. I mean, if it comes up that I am in Vegas, I went there to be in business. It is legitimate there. Do you see what I mean, Senator?

The CHAIRMAN. You operate a baseball——

Mr. MILLER. We call it a sports service. That means football, baseball, fights, basketball.

The CHAIRMAN. How about horse racing?

Mr. MILLER. No.

The CHAIRMAN. Do you have a wire service for all these things?

Mr. MILLER. No.

The CHAIRMAN. You just take bets?

Mr. MILLER. We take bets.

The CHAIRMAN. Anybody can call in anywhere in the United States and place a bet with you?

Mr. MILLER. Well, we haven't got no connections in the East, though. Mostly in Las Vegas.

The CHAIRMAN. But they do call from other States sometimes?

Mr. MILLER. We don't take any bets from the East.

The CHAIRMAN. I mean from the West, though?

Mr. MILLER. Yes, people call from here, Los Angeles, San Francisco.

The CHAIRMAN. Then do you lay off bets with anybody? That is, if they get too big?

Mr. MILLER. Yes.

The CHAIRMAN. Who do you lay off with?



Mr. MILLER. I laid off in Chicago about 5 months ago with the Gym Club.

The CHAIRMAN. The Gym Club?

Mr. MILLER. That is G-y-m.

The CHAIRMAN. What is the address of that club?

Mr. MILLER. I don't know, but it is a place on La Salle, some place, but I don't know the exact address.

The CHAIRMAN. What is the man's name who runs it?

Mr. MILLER. Johnny McDonnell.

The CHAIRMAN. Who else could you lay off with?

Mr. MILLER. I laid off with another fellow named Mel Clark.

The CHAIRMAN. Where is he?

Mr. MILLER. He is in Chicago.

The CHAIRMAN. What is the name of his outfit?

Mr. MILLER. He is just down another street, but we haven't done no business with him in the last 6 months or so, and I don't know—remember the address, Senator.

The CHAIRMAN. How do you handle this? Do you call them on the telephone?

Mr. MILLER. Yes.

The CHAIRMAN. Like you say, you have a bet on a baseball game for \$1,000. You want to see it laid off?

Mr. MILLER. That is right. If we get overloaded, like if we take a gamble of \$2,000 on a game, if we have got \$4,000 we lay it off to them.

The CHAIRMAN. What do you get out of a lay-off bet like this?

Mr. MILLER. We get nothing. We have to lay the odds.

The CHAIRMAN. You mean you don't get a commission?

Mr. MILLER. No, not when we lay off, because we laid the odds.

The CHAIRMAN. How do you make anything out of it?

Mr. MILLER. We back the game, and, say, one man bets us \$1,100 to \$1,000 on one side—pardon me, Senator, this is an account of that case of mine in Santa Monica—I asked—

The CHAIRMAN. Well, is this part of the case that you have got coming up?

Mr. MILLER. If I admit that I am—to you people I admit it. Do you know what I mean?

The CHAIRMAN. We are not going to interrogate you any further. Anything you have said will be kept executive.

Mr. MILLER. Thank you, Senator.

Mr. HALLEY. Just one thing. Was it you who went out and found Borden in Las Vegas?

Mr. MILLER. No, sir.

Mr. HALLEY. Did you talk to Mickey Cohen about Borden?

Mr. MILLER. Yes, sir.

Mr. HALLEY. What happened?

Mr. MILLER. I was in bed about 12 o'clock, it might have been 12:30, Friday night, and I got the operator. I told them I was going to bed and that I didn't want no calls. So the operator called me and said it was very important.

Mr. HALLEY. Where were you living?

Mr. MILLER. At the Flamingo.

Mr. HALLEY. Are you still living there?

Mr. MILLER. I live here. I work 2 weeks there and I come home for a couple of weeks. I have got a family here. I have got a wife and three kids. So I got this call and it was Mickey. He said, "Have you seen Borden?" I said, "All evening." He happened to be shooting craps there. I didn't go close to the table or anything—

The CHAIRMAN. Shooting craps where?

Mr. MILLER. In the Flamingo. This fellow Borden—I said, "Yes, I saw him shooting craps." He said, "Get ahold of him and tell him I want to see him."

So I called down and—my wife happened to be in the casino. She didn't go to bed yet. So I told her: "Is Eddie Borden still around there?" She said, "He just left about 10 minutes ago. He was sitting around talking. He said, 'I am tired. I am going home.'"

So then he called back again, Mickey, in about half an hour. He said, "Hymie, we have got to find him." I said, "Mickey, I am in bed. I have got to go to work tomorrow." He said, "Get out of bed." I said, "I am not getting out of bed." And that was it.

Mr. HALLEY. You didn't find him for Mickey?

Mr. MILLER. No, sir.

Mr. HALLEY. Who did?

Mr. MILLER. Well, I was sitting in the courtroom yesterday and by the testimony Mickey gave he said he—Eli Lubin found him, I guess.

Mr. HALLEY. Did you see Lubin out there at Las Vegas?

Mr. MILLER. I saw him the next day.

Mr. HALLEY. When?

Mr. MILLER. They come in my place on a Saturday.

Mr. HALLEY. What time Saturday?

Mr. MILLER. It might have been in the afternoon.

Mr. HALLEY. Did Lubin say he had gone to Los Angeles and come back?

Mr. MILLER. I think he did say something about it. He has been up; he hasn't been to bed.

Mr. HALLEY. Did he say he took Borden to Los Angeles?

Mr. MILLER. He said he went to Los Angeles.

Mr. HALLEY. Did you ask him if he found Borden?

Mr. MILLER. I asked him.

Mr. HALLEY. You fellows must have talked about Borden.

Mr. MILLER. Counselor, we talked about Borden.

Mr. HALLEY. What did you say?

Mr. MILLER. Just—he said he was up all night. That is all.

Mr. HALLEY. What did he tell you about Borden? Just start at the beginning. Where were you when he came in?

Mr. MILLER. I was in my place of business.

Mr. HALLEY. Where is that located?

Mr. MILLER. At the El Dorado.

Mr. HALLEY. And he walked in Saturday afternoon?

Mr. MILLER. Around 3 or 4 o'clock; yes.

Mr. HALLEY. Did you ask him if he got Borden back all right?

Mr. MILLER. It was none of my business.

Mr. HALLEY. Did he tell you he had taken Borden back?

Mr. MILLER. He was talking to my wife about Borden.

Mr. HALLEY. What did he tell her?

Mr. MILLER. She told me that he said that he found Borden.

Mr. HALLEY. How did you know he was looking for Borden?

Mr. MILLER. Who?

Mr. HALLEY. Lubin.

Mr. MILLER. I didn't know he was looking for him.

Mr. HALLEY. You didn't know?

Mr. MILLER. Not that night. I was in bed. The next morning I found out about it. My wife told me about it.

Mr. HALLEY. What did your wife tell you about it?

Mr. MILLER. She told me she saw Eli and Eli was looking for him. She stood up—she stood up to about 3, 4 o'clock.

Mr. HALLEY. Did you know that he had chartered a plane and gone into Los Angeles?

Mr. MILLER. Next day I did.

Mr. HALLEY. Who told you?

Mr. MILLER. Eli.

Mr. HALLEY. Why don't you tell the committee? Do I have to pull this out one tooth at a time? Why don't you tell the committee what he told you?

Mr. MILLER. Eli Lubin told me he chartered a plane and went with Borden.

Mr. HALLEY. Did he say why Mickey was so anxious to get Borden?

Mr. MILLER. No; that was the only conversation.

Mr. HALLEY. Did you see Borden around Las Vegas?

Mr. MILLER. I saw Borden Thursday night in the Desert Inn, and I saw him at the Flamingo.

Mr. HALLEY. Did Borden look like he was ready to——

Mr. MILLER. Borden looked worn out and he looked like he had something on his mind.

Mr. HALLEY. Did he say he was broke?

Mr. MILLER. I didn't talk to him.

Mr. HALLEY. You didn't talk to him at all?

Mr. MILLER. Well sir, he was shooting craps, and the table was full, and I didn't want to bother.

Mr. HALLEY. Did Mickey tell you why he wanted Borden when he called you?

Mr. MILLER. When he called back he sound—he said, "We are in trouble," or something. "They are going to pinch him tomorrow and there is going to be headlines."

Mr. HALLEY. He said that? Are you sure?

Mr. MILLER. Don't get me wrong. I am not trying to protect anybody. I have got a wife and three children and Mickey Cohen doesn't mean no more to me if he is in the street tomorrow or any place.

Mr. HALLEY. Mickey was very anxious to get Borden to Los Angeles; is that right?

Mr. MILLER. Counselor, I told you what he said. He said, "If we don't get Borden back there is going to be headlines in the paper."

Mr. HALLEY. What did Lubin say, exactly, when he came in the next afternoon?

Mr. MILLER. He talked to my wife.

Mr. HALLEY. He didn't talk to you at all?

Mr. MILLER. He started laughing and clowning.

Mr. HALLEY. Did he talk about why he had to charter a plane to get back to Los Angeles?

Mr. MILLER. No; he told my wife that they got a plane and they went back to Los Angeles.

Mr. HALLEY. Didn't he say that Mickey had insisted that they charter a plane and get back quick?

Mr. MILLER. No: he didn't tell me that, sir.

Mr. HALLEY. Who paid for the plane, did he tell you that?

Mr. MILLER. I don't know. I washed my hands of it.

Mr. HALLEY. Yes; but you can't wash your hands of it here.

Mr. MILLER. I am trying to say here. But when he called me the second time I had—I said, "Mickey, I am in business in Vegas. I have got to make a living." I said, "I don't want to get in no trouble. I have never been in trouble." He called me twice.

Mr. HALLEY. He said he had to get Borden back in Los Angeles?

Mr. MILLER. I guess so. He said Borden has got to be back in Los Angeles.

Mr. HALLEY. That is what he said?

Mr. MILLER. Yes.

Mr. HALLEY. Did he say anything about being worried about Borden killing himself?

Mr. MILLER. No, he didn't say it.

The CHAIRMAN. But he seemed to be very urgent about it, didn't he?

Mr. MILLER. Yes, Senator, because he called me two times. Maybe he might have called me three times.

The CHAIRMAN. Did you see Borden's wrists having been slashed?

Mr. MILLER. Really, I didn't. Thursday night I was surprised. I saw him in the Desert Inn, and I heard that he hadn't shown up around Los Angeles.

He hadn't been for 4 days, and we were talking, very little talking terms, anyhow, at the time. Although we had been very friendly——

Mr. HALLEY. Then you will be in touch with Mr. Van Brunt, then?

Mr. MILLER. Yes.

#### TESTIMONY OF WILLIAM L. ROBERTSON, SEAL BEACH, CALIF.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROBERTSON. I do.

The CHAIRMAN. Where do you live, Mr. Robertson?

Mr. ROBERTSON. 208 Main Street, Seal Beach.

The CHAIRMAN. How far is that from Los Angeles?

Mr. ROBERTSON. Approximately 40 miles.

The CHAIRMAN. Do you come up here every day or so?

Mr. ROBERTSON. I haven't been up here in—well, I wouldn't say much, but I only come up here on business, and it has got to be very urgent.

The CHAIRMAN. The reason I was asking you that is that the committee has to leave here very shortly and we were—I wanted to know if you would be willing to give a statement and answer some questions to one of our investigators when you are up here, but if you don't come up often we don't want to inconvenience you any more than we have to.

Mr. ROBERTSON. Frankly, I have sinus trouble very bad, and when I get up in the smog it is anything but pleasant, and that is one of the



principal reasons I don't—that is one of the principal reasons I don't come up.

The CHAIRMAN. You don't tell the Los Angeles Chamber of Commerce that, do you?

The WITNESS. That wouldn't be exactly proper.

Mr. HALLEY. Do you run the Airport Club at Seal Beach?

Mr. ROBERTSON. I am part of the operation, you might say.

Mr. HALLEY. How much of it do you own?

Mr. ROBERTSON. Under a partnership which was recently formed, 27 percent.

Mr. HALLEY. Is that a social nonprofit club?

Mr. ROBERTSON. Well, it is a jumbled-up affair. It started out in order to obtain a city license as a nonprofit club.

Mr. HALLEY. What is it now, a profit club?

Mr. ROBERTSON. Well, the license is held by a nonprofit club, but the operation itself is in the partnership.

Mr. HALLEY. And the partnership does take profits?

Mr. ROBERTSON. It does.

Mr. HALLEY. What is the business that it operates?

Mr. ROBERTSON. A card room, a restaurant, and a form of bingo.

Mr. HALLEY. Are the card room and bingo legal or not?

Mr. ROBERTSON. Yes; we are licensed under the city.

Mr. HALLEY. The cards and the bingo?

Mr. ROBERTSON. Yes, sir.

Mr. HALLEY. Isn't it justification for it that it is a social club?

Mr. ROBERTSON. No.

Mr. HALLEY. For the card room?

Mr. ROBERTSON. Any justification that it could be a social club.

Mr. HALLEY. No; isn't that the reason that it got the license as a social club?

Mr. ROBERTSON. No; the license was issued to the Airport Club.

Mr. HALLEY. And that is a social club?

Mr. ROBERTSON. That is a social club.

Mr. HALLEY. But now it is being run by a club that isn't a social club, isn't that a fact?

Mr. ROBERTSON. You are stating it a little bit indirectly. There is an arrangement between the Airport Club and the owners for the operation and the use of the license.

Mr. HALLEY. Now, the owners are actually getting a profit, then?

Mr. ROBERTSON. That is right.

Mr. HALLEY. Aren't you evading the law?

Mr. ROBERTSON. No, sir.

Mr. HALLEY. How do you explain it?

Mr. ROBERTSON. Well, I am not an attorney but it has been gone over by many attorneys, and they claim not.

Mr. HALLEY. Which attorneys have advised you that you are operating legally?

Mr. ROBERTSON. Thomas J. Kelly.

Mr. HALLEY. Is he at Seal Beach or here?

Mr. ROBERTSON. No, sir, he is in Los Angeles. He is in room 108, Subway Terminal Building.

Mr. HALLEY. Do you publish a newspaper at Seal Beach?

Mr. ROBERTSON. I own and publish it; that is right.

Mr. HALLEY. What business were you in before you went to Seal Beach?

Mr. ROBERTSON. Oh, I was in the printing business 15—I was in the printing business, 1508 South Main Street.

Mr. HALLEY. Were you ever in any gambling business before Seal Beach?

Mr. ROBERTSON. Well, it is just according to what you call gambling.

Mr. HALLEY. Well, just tell us what business you were in, then.

Mr. ROBERTSON. Well, I was on the police department for 17 years.

Mr. HALLEY. At Los Angeles?

Mr. ROBERTSON. That is right.

Mr. HALLEY. When did you resign?

Mr. ROBERTSON. In 1940.

Mr. HALLEY. Did you resign, retire, or were you fired?

Mr. ROBERTSON. I resigned.

Mr. HALLEY. What did you start doing in 1940?

Mr. ROBERTSON. I don't think I was employed in any capacity for some time.

Mr. HALLEY. When did you first go to work? When did you first get some occupation?

Mr. ROBERTSON. Well, I did some building at a residence in Los Angeles, and I believe I bought the newspaper in Seal Beach next, and then I bought a printing plant in Los Angeles.

Mr. HALLEY. What did you pay for the newspaper?

Mr. ROBERTSON. I don't remember. It was around \$7,000 or \$8,000.

Mr. HALLEY. What did you pay for the printing plant?

Mr. ROBERTSON. Thirty-thousand-odd dollars.

Mr. HALLEY. When you resigned from the police department did you have some assets?

Mr. ROBERTSON. Yes; I had considerable.

Mr. HALLEY. What was your net worth when you resigned from the police department?

Mr. ROBERTSON. Possibly \$150,000.

Mr. HALLEY. How did you accumulate that?

Mr. ROBERTSON. Oh, different methods. Some was an income from the stock market. One thing and another.

Mr. HALLEY. We would be quite interested to know just what it was.

Mr. ROBERTSON. Well, it is a long time ago, to go back into it.

Mr. HALLEY. What was your salary as a policeman? Your maximum salary you ever earned—

Mr. ROBERTSON. Really, I couldn't tell you, to be honest with you.

Mr. HALLEY. Not over \$5,000 a year?

Mr. ROBERTSON. I rather doubt that.

Mr. HALLEY. Did you have any other occupation while you were on the police department?

Mr. ROBERTSON. No; I didn't. My wife and I made an arrangement between ourselves when we were married that we were to save our money as best we could for 5 years, and at the end of the 5-year period she was employed—we had saved a little over \$15,000 by very frugal living.

Mr. HALLEY. And you used that for your own investments?

Mr. ROBERTSON. Well, that, naturally, would have been the basis.

Mr. HALLEY. Mr. Chairman, this gentleman apparently has a rather involved financial structure that we ought to look into, and I rather think that we ought to ask him to come up and take some hours with Mr. Van Brunt some day next week and get the entire matter straightened out.

The CHAIRMAN. What day could you come back next week, Mr. Robertson?

Mr. ROBERTSON. I would rather get it over with today, if it is possible. I mean, the statement by counsel here doesn't exactly exemplify my condition, because my financial affairs are not so intricate or involved, I am sure.

Mr. HALLEY. Do you have your records with you?

Mr. ROBERTSON. I do not.

Mr. HALLEY. Do you have records?

Mr. ROBERTSON. I rather doubt it.

Mr. HALLEY. You must have had a bank account in 1940.

Mr. ROBERTSON. That is right, and it would be available for you gentlemen.

Mr. HALLEY. We would want to have whatever records you can assemble before we can go into that matter.

Mr. ROBERTSON. You would be privileged to subpoena those.

Mr. HALLEY. In fact, what we are asking you is that you cooperate with the committee to the extent of getting together your records and see Mr. Van Brunt some day next week. Now, if the trip up from Seal Beach is too much for you, maybe we can arrange to have him come down there and see you there, and bring a stenographer with him and take your statement.

Mr. ROBERTSON. I don't object to Mr. Van Brunt. I don't even know the gentleman. But I would rather have a hearing, if I may, before the committee. I have nothing to hide no place.

Mr. HALLEY. Have you kept copies of your income tax returns?

Mr. ROBERTSON. I may have some of them.

Mr. HALLEY. Going back to what years?

Mr. ROBERTSON. I couldn't tell you. I made no special attempt—I gave that no special attention in thinking about it.

Mr. HALLEY. With what banks have you done business since 1930, you or your wife?

Mr. ROBERTSON. I believe the Security-First National and the Farmers and Merchants.

Mr. HALLEY. Here, in Los Angeles?

Mr. ROBERTSON. Yes, the Farmers and Merchants is at Fourth and Main and—I don't know about the Security. It seems to me like we used to bank with them in the Atwater district. I am not very certain of that. It might have been a small savings account or something of that sort.

Mr. HALLEY. Did you have a safety deposit box?

Mr. ROBERTSON. Yes; I have a safety deposit box at the Farmers' and Merchants Bank.

Mr. HALLEY. Did you have any before 1940, a safe deposit box?

Mr. ROBERTSON. Yes; I had one there and I—I used to live on a street on the west side. I think it was Berendo, and I had one at the bank near there, but I can't tell you which one it was.

Mr. HALLEY. Did your wife have any safe deposit boxes?



Mr. ROBERTSON. Well, she makes use of the ones that we have jointly.

Mr. HALLEY. How long would it take you to get down to Seal Beach today to look for your records?

Mr. ROBERTSON. About an hour and 15 minutes, I imagine.

The CHAIRMAN. You don't want to give any information to Mr. Van Brunt. You want to appear before the committee only?

Mr. ROBERTSON. It isn't that, Senator, it is just the idea. I have nothing to hide and I have no objection, as I mentioned to you, about Mr. Van Brunt. I don't even know the gentleman.

Mr. HALLEY. I think you ought to come to San Francisco. The committee will be sitting there on Tuesday.

The CHAIRMAN. How did you accumulate this \$150,000 out of \$15,000?

Mr. ROBERTSON. Well, it would be a little bit difficult, Senator, to go back into that. It has been so long ago. There have been many transactions and I have made investments of different kinds. I have run in and out of the stock market possibly one hundred or two hundred thousand dollars, or maybe more, a year, for a considerable number of years, and that account was with E. F. Hutton & Co. Some other brokerage firm was in there also. And then there was the Pacific—I can't remember the name of the other firm.

The CHAIRMAN. What businesses outside of your stock market operations did you have during these years when you were accumulating \$150,000?

Mr. ROBERTSON. What specific businesses?

The CHAIRMAN. Yes.

Mr. ROBERTSON. I really had none then on the police department.

The CHAIRMAN. Did you have an interest in any business?

Mr. ROBERTSON. Well, I personally didn't have any.

The CHAIRMAN. Your wife?

Mr. ROBERTSON. Yes, my wife.

The CHAIRMAN. What sort of business did she have?

Mr. ROBERTSON. She had an interest in a club in Seal Beach.

The CHAIRMAN. What sort of club?

Mr. ROBERTSON. Well, it was along the lines as this one at Seal Beach at the present time.

The CHAIRMAN. Where was that club?

Mr. ROBERTSON. It was in Seal Beach.

The CHAIRMAN. It was at Seal Beach?

Mr. ROBERTSON. That is right.

Mr. HALLEY. Who were your partners in that club in Seal Beach?

Mr. ROBERTSON. Really, I wasn't interested in it personally.

Mr. HALLEY. Are you now interested in it? Don't you own a piece of it?

Mr. ROBERTSON. Oh, I do not.

The CHAIRMAN. He is talking about right now, Mr. Robertson.

The WITNESS. At the present time; yes.

Mr. HALLEY. You own it now?

Mr. ROBERTSON. Yes, sir.

Mr. HALLEY. Who are your partners now?

Mr. ROBERTSON. Twenty-seven percent. I don't know that I can name all of them for you because I was not at the attorney's office.

Mr. HALLEY. Did Fred Howser own any part of it?

Mr. ROBERTSON. None whatsoever.



Mr. HALLEY. Has he any connection with it?

Mr. ROBERTSON. None; definitely.

Mr. HALLEY. Do you know him?

Mr. ROBERTSON. Yes; I do.

Mr. HALLEY. How long have you known him?

Mr. ROBERTSON. About 15 years.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. ROBERTSON. No. He and I don't get along personally, or politically either.

The CHAIRMAN. Well, Mr. Robertson, we would like for you to get up with what records you can find and appear before the committee in San Francisco either Tuesday or Wednesday. We, of course, will take care of your transportation expenses.

Mr. ROBERTSON. I am sorry that you find it necessary, gentlemen. It is a terrific inconvenience. I have nothing to hide. I will assure you of that.

The CHAIRMAN. That is the reason we want you to bring your records.

Mr. HALLEY. Will the chairman specifically instruct the witness that pursuant to a subpoena which has been served upon him, he is to appear before the committee at the Federal courthouse?

Mr. ROBINSON. Seventh and Mission, San Francisco.

Mr. HALLEY. At 10 o'clock on Tuesday morning, November 21.

Mr. ROBINSON. Would you make it 2 o'clock Tuesday afternoon, November 21?

Mr. HALLEY. And to bring with him all copies of income-tax returns and working papers for the years 1930 to 1950, all financial records, canceled vouchers, bank books, bank statements, check books, evidences of income, of wealth, of indebtedness, and any and all records pertaining to his income and his total assets during the years 1930 through 1950.

The CHAIRMAN. All that are available, Mr. Robertson.

Mr. ROBERTSON. I wonder if you would mind writing that down so I would know where to appear.

Mr. HALLEY. We also ask you to bring with you any records relating to bank accounts, assets, income-tax returns, financial dealings of your wife for the same years, if they are in your possession.

Does the committee so order?

The CHAIRMAN. You will be so directed to bring those, Mr. Robertson.

### TESTIMONY OF JAMES J. CONTRATTO, LAS VEGAS, NEV.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CONTRATTO. I do.

Mr. HALLEY. We wondered if you would make a statement before Mr. Van Brunt.

The CHAIRMAN. Where do you live, Mr. Contratto?

Mr. CONTRATTO. At the present time I live at the El Rancho Hotel in Las Vegas.

The CHAIRMAN. We are anxious to adjourn this meeting this afternoon. Are you going back to Las Vegas?

Mr. CONTRATTO. Yes; I would like to.

The CHAIRMAN. Would you be willing for Mr. Ruymann to see you and to ask you certain questions and for you to give him the answers as if you were here?

Mr. CONTRATTO. Yes, sir.

The CHAIRMAN. You know Mr. Ruymann?

Mr. CONTRATTO. The gentleman right there [indicating].

Mr. HALLEY. He will be in touch with you probably some day early next week.

Mr. CONTRATTO. I will try to leave here Monday because I have been postponing sending my wife back East because her mother has been very sick.

Mr. HALLEY. But you are going to be in?

Mr. CONTRATTO. I will leave just as soon as I can make arrangements for transportation either tomorrow or Monday.

The CHAIRMAN. As soon as you get back to Las Vegas on Monday, you get in touch with Mr. Ruymann.

Mr. CONTRATTO. All right. I will call you when I get there.

(Whereupon, at 2:30 p. m., the committee adjourned, subject to call of the chairman.)

# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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MONDAY, NOVEMBER 20, 1950

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE SPECIAL COMMITTEE TO  
INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE  
*Los Angeles, Calif.*

EXECUTIVE SESSION

The subcommittee met, pursuant to call of the chairman, at 10 a. m., in the Federal Building, Los Angeles, Calif., Herbert Van Brunt, special representative to the committee, presiding.

Present: Mr. Van Brunt.

## FURTHER TESTIMONY OF IRVING G. GLASSER, LOS ANGELES, CALIF.

(Mr. Glasser having been previously sworn testified as follows:)

MR. VAN BRUNT. Will you state your full name?

MR. GLASSER. Irving G. Glasser.

MR. VAN BRUNT. Your address, Mr. Glasser.

MR. GLASSER. 8439 Sunset Boulevard.

MR. VAN BRUNT. What is your business address?

MR. GLASSER. 239 North Broadway, Los Angeles.

MR. VAN BRUNT. What is your business known as?

MR. GLASSER. Glasser Bros.

MR. VAN BRUNT. Is that the name, Glasser Bros.?

MR. GLASSER. Yes; that is right.

MR. VAN BRUNT. It is a bonding concern; is it not?

MR. GLASSER. Yes, sir. I am a bail agent and insurance broker.

MR. VAN BRUNT. Are you the owner of the business?

MR. GLASSER. No, sir; I am not.

MR. VAN BRUNT. What is your position? Are you just a bail agent?

MR. GLASSER. My brother and I own the business. We are partners in Glasser Bros., but we are bail agents for the National Automobile Insurance Agency.

MR. VAN BRUNT. What is your brother's name, Mr. Glasser?

MR. GLASSER. Louis.

MR. VAN BRUNT. How long have you been engaged in business in Los Angeles?

MR. GLASSER. Close to 30 years.

MR. VAN BRUNT. Has it always been known as Glasser Bros.?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Prior to it being known as Glasser Bros., what was your business known as?

Mr. GLASSER. Cantillon, Groves & Glasser.

Mr. VAN BRUNT. Was that business located at the same address?

Mr. GLASSER. 229 North Broadway.

Mr. VAN BRUNT. Is there anyone else associated in your business with you?

Mr. GLASSER. No, sir; just my brother and myself.

Mr. VAN BRUNT. I see. Have you ever been arrested, Mr. Glasser?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. What were you charged with?

Mr. GLASSER. Possession, I believe, of liquor in 1928.

Mr. VAN BRUNT. Is that the only occasion that you were arrested?

Mr. GLASSER. Yes.

Mr. VAN BRUNT. As I understand it, you were arrested in Los Angeles; is that correct?

Mr. GLASSER. Yes, sir; that is right.

Mr. VAN BRUNT. Has your brother ever been arrested?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Do you know what he was arrested for?

Mr. GLASSER. I believe it pertained to a violation of a county ordinance pertaining to gambling.

Mr. VAN BRUNT. This business of yours, Mr. Glasser, was it founded on your and your brother's money, or did anyone else have a financial interest in the business?

Mr. GLASSER. Founded on our money and nobody else at any time in the firm of Glasser Bros. ever had any financial interest but Louis Glasser and myself.

Mr. VAN BRUNT. What do you consider your business worth today?

Mr. GLASSER. I couldn't place a value on the business because it is only contingent upon how much business you can get, the good will of the business, and the good will of the public.

Mr. VAN BRUNT. Excluding your good will, what are your assets of the business?

Mr. GLASSER. I don't believe you have any assets in that business.

Mr. VAN BRUNT. Do you have any money in the bank?

Mr. GLASSER. Yes.

Mr. VAN BRUNT. What do you use as security to write your bonds?

Mr. GLASSER. The security is deposited with the general agents for the National Automobile Insurance Co.; Mr. Harry Rubin and Mr. Ed Groves.

Mr. VAN BRUNT. What does this security consist of?

Mr. GLASSER. An agreement signed by Mrs. Glasser and myself and Mrs. Louis Glasser and himself, tying up whatever assets we may have had at that time and as long as the contract is in existence, plus whatever cash deposits we have with them.

Mr. VAN BRUNT. When did you enter into this contract?

Mr. GLASSER. I believe it was in the latter part of 1940; I am not positive of that, but those records are open to you, Mr. Van Brunt, by seeing Mr. Edmund C. Groves at 231 North Broadway at any time you or any member of this committee wishes to see them.

Mr. VAN BRUNT. Is he your bookkeeper?



Mr. GLASSER. No. He is the general agent for the surety company and we cannot write a bond only by the bonds that he gives us to write, although we do have bonds on hand.

Mr. VAN BRUNT. You must have some idea as to the value of those assets at the time you entered into this contract with Mr. Groves.

Mr. GLASSER. I believe it was in the neighborhood of—I am not positive of this—in the neighborhood of \$10,000 in stocks and cash assigned from A. W. Apel, who was then the agent for another surety company that slips my mind, that my brother was writing through, prior to the dissolution of Cantillon, Groves & Glasser.

Mr. VAN BRUNT. What percentage of the bonds written by your company are written for persons charged with bookmaking?

Mr. GLASSER. Let me take a figure of—I cannot answer that question—but bookmaking business is the smallest portion of our business in dollars. By that I mean, you may write a \$500 bond for a bookmaker and then write a bond for a man charged with assault with a deadly weapon for \$5,000. You would have to write 10 bookmakers to even up that 1 bond.

Mr. VAN BRUNT. Excluding the dollar volume, from the standpoint of just writing bonds, would you say that the major portion of the bonds written by your company were for bookmakers?

Mr. GLASSER. I would say, Mr. Van Brunt, just the opposite. Today it is the smallest part of our business and at no time was it the backbone of our business.

Mr. VAN BRUNT. Not regarding it as the backbone of the business, but rather just as the volume of business that your company has, would you say that bail bonds written for bookmaking, in bookmaking cases, exceeded those written in other matters?

Mr. GLASSER. No, sir. Mr. Van Brunt, we have weekly reports that we give to the National Automobile Insurance Co., through their general agent, Ed. Groves. There are 52 reports made a year with the names, the amount of the bonds, and the nature of the offense. You are welcome, or any member of this committee, to go to 231 North Broadway and they will give the records, or come to me and I will get them for you.

Mr. VAN BRUNT. Comparing your bonding concern with other such type concerns in this area, would you say that you wrote more bonds for bookmakers than your competitors?

Mr. GLASSER. The only way I could answer that, Mr. Van Brunt, frankly, is by stating that I didn't know we did as much business as Nardoni and other bondsmen until I read the State crime report, which itemized a group of bonds that were written, and so forth, for violation of the bookmaking law. I will not say, and I have no knowledge, that we write more or as much. Am I taking too long to answer your questions?

Mr. VAN BRUNT. You answer them in your own words and the way you see fit.

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Could you explain to us, in as few words as possible, the methods by which these cases are referred to you and, in particular, cases involving bookmakers?

Mr. GLASSER. Usually the attorney calls, who represents the bookmaker, and states that John Brown is in custody; that he will be down

as soon as he has bail recommended and prepares the necessary papers, and would like us to write the bond.

Mr. VAN BRUNT. In most instances are the bookmakers released on a writ of habeas corpus?

Mr. GLASSER. Yes.

Mr. VAN BRUNT. How are these writs obtained?

Mr. GLASSER. Mr. Van Brunt, I don't know what you mean by that.

Mr. VAN BRUNT. In other words, is it usually the attorney that requests the writ for the bookmaker?

Mr. GLASSER. May I explain to you, to the best of my knowledge, how it is done?

Mr. VAN BRUNT. I would like you to do that, Mr. Glasser.

Mr. GLASSER. I would be most happy to, Mr. Van Brunt. The attorney must get a recommendation from the district attorney's office or the police department as to the amount of bail required. He then prepares a writ or a petition for a writ of habeas corpus and takes it to the district attorney's office, during court hours, for approval, and they approve it. Then he takes it to the presiding judge, who issues the writ, and at that time we can or any bonding company can post a bond for the defendant.

Mr. VAN BRUNT. Referring to a recent statement or to a recent State crime commission report, there was some information set forth in there whereby certain attorneys seemed to handle the greatest amount of business so far at the bookmakers were concerned. Do you know any reason for that?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Do you have any working agreement with any attorney whereby bookmaking cases are referred to you?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Or whereby you receive a certain percentage of business forthcoming in this matter?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. In most instances the bond is requested by the bookmaker's attorney after he is arrested?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Very seldom is it requested by the bookmaker himself or a member of his family or close friends?

Mr. GLASSER. That has happened, where a member of a family or a close friend would call and we would have to tell them that the man is held on suspicion and we cannot bail him out until his attorney gets a writ.

Mr. VAN BRUNT. Are you acquainted with an attorney by the name of J. T. Forno?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Does Mr. Forno handle any large percentage of the bookmaker cases?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. To your knowledge, is there any particular judge that signs most of the writs in bookmaking cases?

Mr. GLASSER. Not today; no, sir.

Mr. VAN BRUNT. Is there any agreement whereby a certain judge handles the larger share of the bookmaking cases?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. There is not?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. To your knowledge, Mr. Glasser, is there any association or organization within Los Angeles County of book-makers?

Mr. GLASSER. Not to my knowledge; no, sir.

Mr. VAN BRUNT. You are sure of that?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. In other words, it is your contention that all matters that are brought to the attention of your concern are brought either through the attorneys or the bookmakers themselves or a representative of their family or a close friend?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Are you acquainted with Michael Cohen?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. What is your relationship with Mr. Cohen?

Mr. GLASSER. Just another client.

Mr. VAN BRUNT. He is just another client?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. You are not personal friends?

Mr. GLASSER. Yes; we were personal friends.

Mr. VAN BRUNT. How long have you known Mr. Cohen?

Mr. GLASSER. I believe 15 years or so.

Mr. VAN BRUNT. Going back to a statement you made a little while ago, you said you were a close friend of Michael Cohen's. Are you not at this time?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. What broke up that friendship?

Mr. GLASSER. I don't believe we ever had any particular friendship. We just don't have anything in common.

Mr. VAN BRUNT. Have you ever had any business dealings with Mr. Cohen?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. None whatsoever?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. He has never had an interest in any venture in which you were interested?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Have you ever written a bond for Mr. Cohen?

Mr. GLASSER. Yes, sir; many of them.

Mr. VAN BRUNT. Would you say most of the bonds which Mr. Cohen has had occasion to use have been written by you?

Mr. GLASSER. I would say so; yes.

Mr. VAN BRUNT. What does he give you as security when you write bonds for him?

Mr. GLASSER. Depending upon the nature of the offense; the only time that I have any independent recollection of ever having taken any collateral from him is when we wrote his bond for \$100,000, and for his codefendants in the case that involved Pearson.

Mr. VAN BRUNT. On that occasion what did he give you as security?

Mr. GLASSER. He gave to the surety company a financial statement and when we bailed him out originally he was charged with suspicion of assault with intent to commit great bodily harm, I believe, and

bail was recommended by the district attorney's office at \$100,000. He did not want to stay in jail overnight after he was told that that was an excessive bail and that the usual bond in those matters was about \$5,000. Also the fact was that the grand jury, perhaps, might not indict him. If he stayed in jail he would not need a bond. Anyway, we posted a bond for him in the sum of \$100,000 to effect his release. We thought that when or if he would be indicted the bail might be around \$5,000 or \$10,000. When the bail was set at \$100,000 the surety company saw fit to take a trust deed against his home and a chattel mortgage on his furniture, and whatever else the application shows, that I turned over to you, Mr. Van Brunt.

MR. VAN BRUNT. That application is included in the records you have produced to this committee?

MR. GLASSER. Yes, sir; it is.

MR. VAN BRUNT. It is?

MR. GLASSER. Yes.

MR. VAN BRUNT. Also that financial statement of Mr. Cohen's?

MR. GLASSER. I got those records from Mr. Edmund Groves, and whatever is there are or would be part of the papers he signed. I remember my brother taking a financial statement from him in the county jail before the bond was written.

MR. VAN BRUNT. Was that financial statement given to the surety company?

MR. GLASSER. Yes; it was.

MR. VAN BRUNT. What surety company was that?

MR. GLASSER. The National Automobile.

MR. VAN BRUNT. Is there a possibility that that statement is in their possession or do you have a copy of your own?

MR. GLASSER. I would say, Mr. Van Brunt, that it is in the file that you have there. If you want to go through that with me I will be most happy to pick it out for you.

MR. VAN BRUNT. In other words, in the event it is not included among these papers you can make that available; is that right?

MR. GLASSER. I cannot make anything available. I will help you get whatever isn't there, but I believe every paper is there. So let's not worry about it until we look to see whether it is there or not.

MR. VAN BRUNT. Getting back to Mr. Cohen's bond, was the \$100,000 bond for him personally or did it include the other defendants in the case?

MR. GLASSER. For him personally.

MR. VAN BRUNT. Did you write the bonds for the other defendants in that case?

MR. GLASSER. Yes, sir.

MR. VAN BRUNT. Who were these individuals?

MR. GLASSER. Eli Rubin, James Rist, Herbert Meltzer, Neddie Herbert, Dave Ogul, and Frank Niccoli; I think that is all.

MR. VAN BRUNT. What was the bond that was set on these individuals?

MR. GLASSER. Lubin, I believe, was \$25,000; Rist was \$25,000; Herbert was \$50,000; Meltzer was \$50,000; Ogul, I believe, was \$25,000; and Niccoli was \$50,000.

MR. VAN BRUNT. That makes a total of \$225,000; does it not, Mr. Glasser?



Mr. GLASSER. Yes, sir; it does.

Mr. VAN BRUNT. In addition to that there was the \$100,000 bond for Mr. Cohen?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Which makes a total of \$325,000?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Other than Mr. Cohen's bond, who guaranteed the bonds for the other individuals involved in that case?

Mr. GLASSER. He and his wife signed the bail-bond agreement and gave us, I believe, separate trust deeds on each defendant.

Mr. VAN BRUNT. What did he pledge as security when he guaranteed these bonds?

Mr. GLASSER. Exactly as I just told you, the same as he put up for himself.

Mr. VAN BRUNT. Was that enough to satisfy you and the surety company whom you represent?

Mr. GLASSER. At that time it was predicated upon the theory that these were very, very high bails and the risk, in the opinion of the surety company, was very small.

Mr. VAN BRUNT. How long ago was this?

Mr. GLASSER. It slips my mind at the present time.

Mr. VAN BRUNT. Did it occur in 1949 or was it in 1950?

Mr. GLASSER. It was either the latter part of 1948 or the first part of 1949. It is all a matter of record and easily obtainable as to the date they were arrested, in the case of *The People v. Cohen et al.*

Mr. VAN BRUNT. I presume you are familiar with what Mr. Cohen told this committee at the time he was here in Los Angeles?

Mr. GLASSER. Yes.

Mr. VAN BRUNT. You were present at that time?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Do you recall he made the statement that he was financially embarrassed and had been for quite some time; to put it in his own words, that he was broke?

Mr. GLASSER. Yes; and he has publicized that fact before in the Los Angeles papers. "I am broke," says Mickey Cohen.

Mr. VAN BRUNT. Do you believe that, Mr. Glasser?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. In spite of that you wrote bonds guaranteed by him?

Mr. GLASSER. We have not had occasion to write any bonds lately, but there is a lot of difference, Mr. Van Brunt, in writing a bond for a man for \$5,000 and lending him \$5,000. One guarantees the appearance of a man and the other guarantees to you that he will return you the cash. In these cases you take a man out that you know, for whatever amount is set on him, knowing that he would appear, whereas the same man that you may post a \$10,000 bond for, you may not want to loan him \$500. Do you follow me?

Mr. VAN BRUNT. In that particular instance, was there any one of those subjects who failed to appear?

Mr. GLASSER. Yes, sir; Dave Ogul and Frank Niccoli.

Mr. VAN BRUNT. Were their bonds forfeited?

Mr. GLASSER. Their bonds were forfeited; yes, sir. We paid to the county of Los Angeles, 90 days after the forfeiture of the bond, according to law, \$25,000.

Mr. VAN BRUNT. On David Ogul?

Mr. GLASSER. On David Ogul; yes, sir.

Mr. VAN BRUNT. Were you reimbursed for the paying of this money?

Mr. GLASSER. That money was given to me by Mr. Cohen and turned over immediately to Mr. Edmund Groves.

Mr. VAN BRUNT. How did he give you that money? Did he give you that money in cash or by check?

Mr. GLASSER. Cash.

Mr. VAN BRUNT. He walked into your office with \$25,000 cash; is that right?

Mr. GLASSER. Yes, sir; that is right.

Mr. VAN BRUNT. Did he make any comment at that time as to how he raised that much money?

Mr. GLASSER. No, sir.

VAN BRUNT. Do you know how he raised that much money?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. For a man who is broke, didn't you consider it rather unusual that he could raise \$25,000 in that short a time?

Mr. GLASSER. I did not give that any thought, Mr. Van Brunt. I was most happy to see the color of the money.

Mr. VAN BRUNT. Have you ever discussed that incident with anybody as to how he may have come up with that money?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. You have not?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. At the time that Mr. Cohen guaranteed the bonds for the individuals previously mentioned, did he regard them as employees of his?

Mr. GLASSER. I could not answer that, Mr. Van Brunt.

Mr. VAN BRUNT. Would he have occasion to fill out any records showing his associations with these individuals?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Do you know of your own knowledge whether these individuals were employed by Mr. Cohen?

Mr. GLASSER. No, sir; I do not.

Mr. VAN BRUNT. You do not know?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. In addition to your bail bond business, Mr. Glasser, do you have any other interests in any other businesses?

Mr. GLASSER. Today?

Mr. VAN BRUNT. Yes, sir.

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Within the past 2 years have you had?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. What business have you been interested in within the past 2 years?

Mr. GLASSER. A pawn shop.

Mr. VAN BRUNT. Where was that located?

Mr. GLASSER. The Globe Loan & Jewelry Co., 110 East Fifth Street, Los Angeles; also as a Bridgo operator.

Mr. VAN BRUNT. These are the only businesses in which you have had a financial interest?

Mr. GLASSER. I cannot think of any others. If you have any knowledge, Mr. Van Brunt, of any, please tell me and I will be very happy to tell you "yes" or "no." I don't have any recollection of anything else but my income-tax records are open to you and you can see if I have any interests in anything else and I would be most happy to have you look at them. I don't remember having any interest in any other business besides as an operator of a Bridgo game and the Globe Loan & Jewelry Co.

Mr. VAN BRUNT. Who are you associated with in the Globe Loan & Jewelry Co.?

Mr. GLASSER. Louis I. Birnbaum, who is my brother-in-law.

Mr. VAN BRUNT. Is that business still in existence?

Mr. GLASSER. Yes, sir; it is.

Mr. VAN BRUNT. Would you explain your interest in the Bridgo games which you mentioned earlier? Where are these establishments located?

Mr. GLASSER. I held a permit from the city of Los Angeles, as an operator, or licensee, for the Fortune at 1501 Ocean Front and the Rose Bridgo at 3010 Ocean Front, Venice.

Mr. VAN BRUNT. When were these permits issued?

Mr. GLASSER. I believe about the middle of the year 1948.

Mr. VAN BRUNT. You, yourself, applied for these permits?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Who are you associated with in this venture?

Mr. GLASSER. I cannot use the word "associated," Mr. Van Brunt. I was the operator under a trust agreement and an operation agreement combined, which solved the legal problems involved in clarifying my position as an operator, as required by the Los Angeles Police Commission.

Mr. VAN BRUNT. That isn't quite clear to me, Mr. Glasser. What I wanted to know, primarily, was: You have a financial interest in these establishments, but what I want to know is whether you were the sole owner.

Mr. GLASSER. I was not the sole owner and I cannot call myself an owner. I can call myself an operator, as the license was in my name and there is a great distinction.

Mr. VAN BRUNT. Who was associated with you in these ventures?

Mr. GLASSER. There was James Utley, Max Kleiger, and Phil Tapper, at the two places that I did not hold the operator's license in.

Mr. VAN BRUNT. What were those two places?

Mr. GLASSER. The one in San Mateo and the one in Stockton.

Mr. VAN BRUNT. What was the name of the place at San Mateo?

Mr. GLASSER. I do not know the name, Mr. Van Brunt.

Mr. VAN BRUNT. Is it still in operation?

Mr. GLASSER. It was in operation for about 3 weeks, I believe.

Mr. VAN BRUNT. When was that?

Mr. GLASSER. I believe in the latter part of 1949.

Mr. VAN BRUNT. Why is it not in operation now?

Mr. GLASSER. I believe they could not get the proper permit for their game, so they had to close, after being arrested.

Mr. VAN BRUNT. Were you arrested at that time?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Who was arrested?

Mr. GLASSER. I could not tell you; I do not know.

Mr. VAN BRUNT. You also said, I believe, you had a similar business at Stockton?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Mr. Utley, Mr. Kleiger, and Mr. Tapper, were they interested in that venture with you?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Is the establishment at Stockton in operation at the present time?

Mr. GLASSER. No, sir; and that too was in operation for a very short period of time; perhaps, 5 or 6 weeks, but I am not sure.

Mr. VAN BRUNT. Was that also during the year 1949?

Mr. GLASSER. I believe that was in 1948.

Mr. VAN BRUNT. What was the name of the place in Stockton?

Mr. GLASSER. I do not know the name, Mr. Van Brunt.

Mr. VAN BRUNT. Are there other such establishments in Stockton and San Mateo or could they readily be identified in those two towns?

Mr. GLASSER. They could be readily identified in those two towns. If I should know the name I would be most happy to give it to you. It is no trade secret and it was publicized in the papers at the time.

Mr. VAN BRUNT. The Fortunte and Rose Bridgo establishments, they were situated at Venice?

Mr. GLASSER. In the city of Los Angeles.

Mr. VAN BRUNT. But at Venice?

Mr. GLASSER. Yes, sir. That is the amusement area of Los Angeles City, so specified in the ordinance.

Mr. VAN BRUNT. Who was associated with you in these two establishments?

Mr. GLASSER. I do not use the word, Mr. Van Brunt, "associated," as I told you before, in that I was the operator and held the license or the permit in my name.

Mr. VAN BRUNT. Well, who was financially interested with you, then? Can we put it that way?

Mr. GLASSER. Let me try to help you, Mr. Van Brunt. I have absolutely nothing to conceal and the papers that were brought to you give you the names of anybody or anyone that had any interest in there of any kind. You are more than privileged to look at those papers. You have them and anything I can say or do, I am very happy to do to help you, Mr. Van Brunt.

Mr. VAN BRUNT. We will get to the papers later, Mr. Glasser, but I want you to answer, to the best of your ability, and to your knowledge, in making your answers. In going into a venture such as the Fortune and the Rose, it takes a considerable amount of money; does it not?

Mr. GLASSER. It does not; no.

Mr. VAN BRUNT. It takes some money?

Mr. GLASSER. It does; yes.

Mr. VAN BRUNT. How much in each establishment?

Mr. GLASSER. That is hard to say because it depends upon the type of fixtures you put in.

Mr. VAN BRUNT. Let's take the Fortune first.

Mr. GLASSER. I couldn't tell you the exact amount; it takes some money.



Mr. VAN BRUNT. How much did you have in that venture?

Mr. GLASSER. I do not remember.

Mr. VAN BRUNT. Was it in excess of, say, \$10,000?

Mr. GLASSER. No, sir; I would say it was not.

Mr. VAN BRUNT. It takes a certain amount of money to operate, does it not, after you are open?

Mr. GLASSER. It does, for the purpose of making change and so forth; paying your help and the like.

Mr. VAN BRUNT. Was Mr. Utley, Mr. Kleiger, and Mr. Tapper interested in the Fortune and the Rose along with you?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. They were?

Mr. GLASSER. Yes, sir; to the best of my knowledge they were.

Mr. VAN BRUNT. All three had financial interests in the establishments?

Mr. GLASSER. Yes, sir; as far as I know. I believe Mr. Tapper's interest was in the name of his wife, Rose Tapper. I do not remember in what name Mr. Utley's interest was, and I do not remember in what name Mr. Kleiger's interest was. It may have been in their names or their respective wives'; I do not remember. Mine was in my name, having the operator's permit and license issued to me in my name by the city of Los Angeles.

Mr. VAN BRUNT. When was it that you said you originally opened these two establishments?

Mr. GLASSER. The Rose Bridgo was opened sometime in, I believe—

Mr. VAN BRUNT. Roughly, Mr. Glasser, and you can just give me the year.

Mr. GLASSER. I would say the Rose Bridgo was opened in 1949 and it was sold by me to Benjamin Teitelbaum.

Mr. VAN BRUNT. How much was it sold to Mr. Teitelbaum for?

Mr. GLASSER. \$30,000. That included the lease deposits which I believe were in the neighborhood of \$6,000, and then the fixtures and the good will, if any.

Mr. VAN BRUNT. Were you the only one that sold your interest or did Mr. Utley, Mr. Kleiger, and Mr. Tapper sell out their interests at the same time?

Mr. GLASSER. Whoever was interested in the Bridgo sold their interests to Mr. Teitelbaum, lock, stock, and barrel.

Mr. VAN BRUNT. Now we will go to the Fortune. When was that establishment opened?

Mr. GLASSER. Mr. Van Brunt, that was opened, I would say, in 1941 or 1942. The records of the Los Angeles Police Department will disclose that information.

Mr. VAN BRUNT. And it operated until when, Mr. Glasser?

Mr. GLASSER. Let me answer that question this way: It closed, I believe, about a year ago. That would make it the latter part of 1949.

Mr. VAN BRUNT. Was the Rose Bridgo establishment also closed?

Mr. GLASSER. All the Bridgo establishments in Los Angeles City, I believe, were closed. I believe there were 10 or 12 owned and operated by different people. They were all closed at the same time. I believe it was around November of last year, 1949.

Mr. VAN BRUNT. You stated that you had sold the Rose Bridgo to Mr. Teitelbaum. Was that after the establishment was closed or prior to that?

MR. GLASSER. I would say it was all within a week or two before the closing or a week after the closing, but I am almost sure it was consummated before the closing, within a few days.

MR. VAN BRUNT. How about the Fortune, was that also sold or did you own it at the time it was closed?

MR. GLASSER. I never owned the Fortune, Mr. Van Brunt.

MR. VAN BRUNT. Then, let me say, when you operated the Fortune.

MR. GLASSER. That is right. What was the question again?

MR. VAN BRUNT. I will rephrase my question. Did you have any money invested in the Fortune?

MR. GLASSER. Yes, sir; I did.

MR. VAN BRUNT. Did you still have this money invested in the Fortune at the time it was closed or had you sold your interest?

MR. GLASSER. No; I still had my interest and had not sold it.

MR. VAN BRUNT. At the Fortune you were also associated with Mr. Utley, Mr. Kleiger, and Mr. Tapper?

MR. GLASSER. I don't remember, Mr. Van Brunt, whether their names show in the records. I believe that they held their respective interests in their wives' names; I am not sure.

MR. VAN BRUNT. But they did have the financial interest directly or indirectly in both the Fortune and the Rose with you?

MR. GLASSER. Yes, sir.

MR. VAN BRUNT. Did you have some sort of a contract, a working contract, between you and the three individuals, whereby certain percentages of the profits were to go to you and to the others?

MR. GLASSER. Yes, sir.

MR. VAN BRUNT. Is that contract included among your records which are in our possession at this time?

MR. GLASSER. That I couldn't tell you, Mr. Van Brunt. I don't know all that you have there. But, as I told you before, I am most happy to get you anything that I can to clarify anything that you want to know.

MR. VAN BRUNT. I appreciate that, Mr. Glasser. From your own knowledge, do you recall the percentage that you had in the Fortune and the Rose?

MR. GLASSER. Yes. In the Fortune I had 9 percent, I believe, a 9 percent interest and an additional 9 percent interest as the operator, giving me a total interest in the Fortune of 18 percent.

MR. VAN BRUNT. And was your interest the same in the Rose?

MR. GLASSER. In the Rose I believe I had 10 percent as an operator, a 10 percent interest as an operator only.

MR. VAN BRUNT. Why were these establishments closed, Mr. Glasser?

MR. GLASSER. The only way I could answer that, Mr. Van Brunt, is when Mr. Worton, who became the chief of police of Los Angeles—I believe he stated that it did not comport with the public welfare and he thought that the places should be closed. They had a hearing of some kind before the police commission. The licenses, to the best of my recollection, were not canceled, but turned in by the operators and thereby when your permit or license is turned in by you you are automatically out of business.

MR. VAN BRUNT. Why did you turn in your license, Mr. Glasser?

MR. GLASSER. I could not answer that. The attorneys representing all the Bridgo operators decided that that would be the best thing to do,

to turn in the permits so that everyone, the 10 or 12 operators, turned in their permits, I believe, at the same time.

MR. VAN BRUNT. Was there an association of some kind existing of Bridgo operators?

MR. GLASSER. I would say not, no sir.

MR. VAN BRUNT. Was there one attorney or several attorneys that made this recommendation?

MR. GLASSER. I believe there were several attorneys.

MR. VAN BRUNT. Who recommended that you do that, Mr. Glasser?

MR. GLASSER. I believe it was Mr. Jerome Mayo, but I am not positive of that.

MR. VAN BRUNT. Is he your attorney?

MR. GLASSER. No, sir.

MR. VAN BRUNT. What is his position?

MR. GLASSER. He is an attorney in Los Angeles. There were other attorneys there. Their names slip my mind at the present. They have been publicized so much. There must have been four or five lawyers over there at the hearing.

MR. VAN BRUNT. Since that time have you attempted to reopen the Fortune?

MR. GLASSER. I don't believe so, Mr. Van Brunt, although as late as Saturday I was just clowning around and said, "When are we going to get opened again?" I don't know if that is trying to get open or not.

MR. VAN BRUNT. To whom did you make that statement?

MR. GLASSER. To some of the newspapermen, I believe, or someone else, but no one of any importance.

MR. VAN BRUNT. Were these gambling establishments, Mr. Glasser?

MR. GLASSER. I would say no.

MR. VAN BRUNT. What would you say they were?

MR. GLASSER. You mean what my opinion is?

MR. VAN BUREN. If you want to put it that way; yes.

MR. GLASSER. If you asked me for my opinion it would be just the opposite of what the papers publicized it to be.

MR. VAN BUREN. What have the papers publicized it to be?

MR. GLASSER. They call it everything from Keno to Bingo, to Lotto to anything to make it look like it is an illegitimate business, but I believe that it is not an illegitimate business and it has been looked upon in the city of Los Angeles, for the past 15 years, as a legal business.

MR. VAN BRUNT. Will you explain the game of Bridgo, in as few words as possible?

MR. GLASSER. It is supposed to be a game of skill and science, where you are not to win on the other man's throwing of the ball, and as the records will disclose, I believe either Mr. Utley or Mr. Robinson himself has gone into the game in detail, and, suffice it to say, that it is my opinion it is a legal game.

MR. VAN BRUNT. You have not answered the question, Mr. Glasser. I want, in your own words, an explanation as to how the game is played at your two establishments.

MR. GLASSER. You receive a card for 10 cents, which has 75 numbers on it. Each one is given balls to throw. As the ball goes into a bin the

man calls out the numbers. If the balls are all in the same row, corresponding with the ones that you have on your card, and the ones in the bin, then you are the winner of the game.

Mr. VAN BRUNT. What do you get as the winner of the game?

Mr. GLASSER. Usually the prize is announced before the game is played. It may be \$5, \$10, or \$15 and the police commission has allowed us to give up to \$25 in prizes.

Mr. VAN BRUNT. Do you not receive a bingo card as a prize?

Mr. GLASSER. You only receive one card, Mr. Van Brunt, as I said at the beginning. There is only one card involved.

Mr. VAN BRUNT. The receiving or the privilege of playing that card, however, is contingent upon the skill game, the skill of the game; is that right?

Mr. GLASSER. I believe so; yes, sir.

Mr. VAN BRUNT. At any time, to your knowledge, are patrons allowed to participate in the bingo portion of the game without participating in the skill portion of the game?

Mr. GLASSER. I don't believe they do, Mr. Van Brunt, and I don't think the law allows them to. I am not too sure about that point. They do have free games too.

Mr. VAN BRUNT. Have you ever, Mr. Glasser, had an interest in any gambling establishment, either legal or illegal?

Mr. GLASSER. How long ago, Mr. Van Brunt?

Mr. VAN BRUNT. Let's say from the time you were old enough to go into business, Mr. Glasser.

Mr. GLASSER. Mr. Van Brunt. I will almost have to give you the vicissitudes of my life, if you ask me to tell you since I was old enough to go into business. I was selling papers here in Los Angeles City when I was 7 years of age, so if you will be nice enough to make the question more specific I will be most happy to try to answer the question.

Mr. VAN BRUNT. I will let the question stand as I originally phrased it. Have you ever had an interest in a gambling establishment either legal or illegal?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. What was that establishment and where was it located?

Mr. GLASSER. When I said "Yes," I shouldn't have to answer that as a gambling establishment. If you mean a place where there was gambling, then I could answer it. Is that what you mean?

Mr. VAN BRUNT. We will phrase the question that way, an interest in a place where there was gambling.

Mr. GLASSER. Yes, sir. I had an interest in the Clover Club at 8477 Sunset Boulevard, I believe, a very, very small interest. I believe, to be specific, 2½ percent and I also had the check room and auto park and cigarette concessions there. It was a very fine restaurant and they did have some gambling there.

Mr. VAN BRUNT. Was the gambling conducted by you and the others who had the restaurant?

Mr. GLASSER. I never conducted any gambling, but I did have an interest in the Clover Club.

Mr. VAN BRUNT. Did you also receive a portion of the moneys won through the gambling games?

Mr. GLASSER. Yes, sir.



Mr. VAN BRUNT. Who else was interested in this venture?

Mr. GLASSER. This goes back, Mr. Van Brunt, I believe over 10 years. It goes back over 10 years or thereabouts. The only one I can think of offhand was Edward G. Nealis.

Mr. VAN BRUNT. Is there anyone else that you can think of?

Mr. GLASSER. I believe Milton Page had an interest.

Mr. VAN BRUNT. Is Milton Page the one that is also known as Farmer Page?

Mr. GLASSER. Yes, sir. He comes by his name rightly.

Mr. VAN BRUNT. What happened to the Clover Club, Mr. Glasser?

Mr. GLASSER. They just closed up and went out of business after a period of time.

Mr. VAN BRUNT. Were there ever raids conducted on the gambling games had there?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. How many raids?

Mr. GLASSER. I couldn't tell you; I do not know.

Mr. VAN BRUNT. Was there more than one?

Mr. GLASSER. I believe so. It is so far back in my memory that it is hard to remember. I remember one raid in particular which was greatly publicized. The sheriff's office went in there with tuxedos on and busted the door down and just raised hell all around the place. That was many years ago and that sticks in my mind. There may have been other raids.

Mr. VAN BRUNT. What were the results of those raids? Were you fined or arrested? Were you arrested and then fined?

Mr. GLASSER. You mean me?

Mr. VAN BRUNT. Yes.

Mr. GLASSER. I never was arrested. As I told you, the only time in my life was that occasion that I told you about, much to my sorrow.

Mr. VAN BRUNT. When the sheriff's office came into the Clover Club, did they destroy the gambling equipment there and did they make arrests at the time?

Mr. GLASSER. The papers at that time played it up very big and showing the equipment with the sheriff standing over it with a hammer and all that. I do not know anything about the details.

Mr. VAN BRUNT. You say "the sheriff." Was it Mr. Biscailuz?

Mr. GLASSER. No, the sheriff's men.

Mr. VAN BRUNT. Were arrests made as a result of those raids?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Who was arrested, do you recall?

Mr. GLASSER. No, sir; quite a few men were arrested.

Mr. VAN BRUNT. In spite of the raids and the arrests which resulted from them, you again reopened the establishment, the gambling games in the establishment?

Mr. GLASSER. I would say that they did open up again and maybe played a little bit among themselves or continued to play. I couldn't truthfully answer that question because I have no direct knowledge of it.

Mr. VAN BRUNT. Weren't you and the others, who had an interest in the establishment, worried about another raid being conducted?

Mr. GLASSER. Mr. Van Brunt, my interest was that of a concessionaire and not as a gambling operator. I had no voice in the matter

and I never discussed it or knew anything about what their policies would be.

Mr. VAN BRUNT. That was located in county territory; is that right?

Mr. GLASSER. Yes, sir. That was about 15 years ago, I believe.

Mr. VAN BRUNT. Were there any other such establishments in which you had an interest, Mr. Glasser?

Mr. GLASSER. I had a little place at San Dimas, Calif., known as the Stewart Inn. We did a little gambling there.

Mr. VAN BRUNT. The Stewart Inn?

Mr. GLASSER. S-t-e-w-a-r-t I-n-n; yes, sir.

Mr. VAN BRUNT. When was that?

Mr. GLASSER. I would say it was around 1935 or 1936 or 1937. I sold the property, I believe, in 1939 or 1940. I just don't remember but there has been no activity there as late as 1939 or 1940. That has been 10 years ago.

Mr. VAN BRUNT. Who was interested in the Stewart Inn with you?

Mr. GLASSER. I believe just myself and I bought the property. We had a restaurant there and a bar and did a little gambling.

Mr. VAN BRUNT. You said "we bought the property." To whom do you refer as "we"?

Mr. GLASSER. I use that in the plural sense. I might have but I am not clear on it. I might have bought the property with Mr. Nealis at that time. It was from the State of California on a foreclosure or something like that involving \$5,000 or \$6,000 or \$7,000. It was a little building on a little piece of land on the highway. I just don't remember the details.

Mr. VAN BRUNT. These were the only two establishments at which gambling was conducted that you had an interest in?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Or that you had anything to do with?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. And in both establishments you did have a financial interest, that is, in both the Stewart Inn and the Clover Club?

Mr. GLASSER. I had a financial interest in the Clover Club. In the Stewart Inn I owned the property. There was very little gambling there. I don't remember too much about the details. It was not of any consequence.

Mr. VAN BRUNT. In order to conduct gambling in establishments such as you have referred to, are there any steps that have to be taken with law-enforcement officials or deputies of the sheriff's office or police officers in order to open such games or to operate such games?

Mr. GLASSER. No to my knowledge; no, sir.

Mr. VAN BRUNT. You have never done anything like that?

Mr. GLASSER. No, sir; I never have.

Mr. VAN BRUNT. Do you know of anything that exists, anything of that nature?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. In that regard?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. You do not?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Have you ever had an interest in any bookmaking establishments, Mr. Glasser?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Would you give me some of the details as to your interest?

Mr. GLASSER. At one time, in the city of Los Angeles, possibly around 1936 or 1937, my income tax will disclose, or my income records, will disclose I was interested in a few bookmaking enterprises.

Mr. VAN BRUNT. Would you elaborate a little on those bookmaking enterprises?

Mr. GLASSER. Well, Hymie Miller and I had a place where we accepted bets.

Mr. VAN BRUNT. Where was that, Mr. Glasser, and when?

Mr. GLASSER. I don't remember. I would have to say 1935 or 1936 or 1937, and here in the city of Los Angeles. Then I had a few in the city when the attorney general, U. S. Webb, of the State of California, ruled, I believe, to take off-track bets was illegal, provided you took the money, I believe, to the race track. I am a little confused, in my mind, on that, but I am most happy to tell you anything I know about it.

Mr. VAN BRUNT. Other than Mr. Miller, who else was interested in your bookmaking ventures with you?

Mr. GLASSER. Well, I had different employees and I believe I did my business under the name of Broadway Commissions. I am not too sure, but if you would like, you may look at my income-tax papers and it will show you there. It is not very clear in my mind.

Mr. VAN BRUNT. You were buying wire service at that time?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Who were you buying service from?

Mr. GLASSER. If my memory serves me correctly, at that time Mr. Gene Normale had the service. I am not too sure, or it could have been Mr. Russell Brophy's service here.

Mr. VAN BRUNT. That is in what year?

Mr. GLASSER. That was in the year of 1936 and 1937 or, perhaps, 1935, and that was known as the Nation-wide News Service, I believe, at that time.

Mr. VAN BRUNT. More recently, Mr. Glasser, have you had an interest in bookmaking establishments?

Mr. GLASSER. I had an interest with Mr. Phil Tapper, I believe, in 1943, 1944, and 1945, in his bookmaking establishment known as the Pennant Enterprises.

Mr. VAN BRUNT. Where was that located?

Mr. GLASSER. I don't remember exactly where his office was located. I have no memory of even being in the place, in my life, but I did have a financial interest. The reason for that was money that I had advanced to him to help him.

Mr. VAN BRUNT. Do you have a financial interest at this time in any bookmaking establishments?

Mr. GLASSER. No, sir; and have not had since, I believe, 1946. But, Mr. Van Brunt, you are privileged, as I say, to look at my income-tax papers and it will show you.

Mr. VAN BRUNT. In connection with your bookmaking interests, Mr. Glasser, have you ever done business of any kind with Mr. Cohen?



Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Have you ever had him lay bets off for you?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Getting back to the Bridgo operation, do you know of any of the Bridgo-Bingo establishments as they exist in this part of the country at this time, as to whether they are affiliated or connected with any other such establishments in other States other than California?

Mr. GLASSER. I have no knowledge of it or have I ever heard of it from anyone.

Mr. VAN BRUNT. Mr. Glasser, you are familiar, I presume, with the recent attempted recall of Mayor Fletcher Bowron?

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Were you active in that at all?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Have you discussed the recall with anyone at all?

Mr. GLASSER. I have talked with people, the same as any other party in the city of Los Angeles, but I have had no interest in the matter. I have talked to many people like yourself.

Mr. VAN BRUNT. Did you contribute anything financially to the recall movement?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Have you ever heard of the so-called Big Five?

Mr. GLASSER. I read about that in the State crime report; yes, sir.

Mr. VAN BRUNT. What do you know of the Big Five?

Mr. GLASSER. I do not know what it even means.

Mr. VAN BRUNT. Do you know who they were?

Mr. GLASSER. No, sir.

Mr. VAN BRUNT. Did you ever discuss the recall with Mr. James Utley?

Mr. GLASSER. Many times.

Mr. VAN BRUNT. In any of those meetings do you recall anything specifically being said by Mr. Utley?

Mr. GLASSER. I don't know, Mr. Van Brunt, what you mean by "meetings." I used to see Jimmy quite often and talk about anything and everything, but I told him to mind his own business about the recall, not to get mixed up with anybody for or against; that Mayor Bowron has been very fair and as far as the Bridgo games are concerned, which is our only interest, he has seen fit to allow them to be in business for 7 years or more and if anybody has got anything against a man who thinks that this time they are not playing the game according to the way they are supposed to, that I would not be a party and he said he would not be a party to try to hurt the man or put him out of office.

Mr. VAN BRUNT. Mind you, Mr. Glasser, I am not interested in your political beliefs or what you think, so far as various candidates in any election are concerned. I merely want to know if you know anything as to the recall movement, as to who was active in starting this movement or whether you know of anyone who actively engaged in the recall.

Mr. GLASSER. All I know, Mr. Van Brunt, is what the papers have been saying and what you hear on the street and so forth.

Mr. VAN BRUNT. To your knowledge did Mr. Utley have any interest in the recall movement?



Mr. GLASSER. To my knowledge, no, although I believe he would have liked very much to help the mayor if he could.

Mr. VAN BRUNT. Did he contribute financially to the recall movement?

Mr. GLASSER. Not to my knowledge; I am almost positive he did not.

Mr. VAN BRUNT. You mentioned earlier in your testimony here, Mr. Glasser, that you sold out your interest in the Rose Bridgo to Benjamin Teitelbaum.

Mr. GLASSER. Yes, sir.

Mr. VAN BRUNT. Who is Mr. Teitelbaum and what does he do?

Mr. GLASSER. I believe he owns, with his brother, whose name I do not know for the moment—it slips my mind and I don't know whether I have ever met him or not—a big photography concern, where they sell camera equipment. He also has a business or had a business at Fifth and Main Streets at the Belmont Bar or at the Belmont Building there at Fifth and Main. He owns the lease on it.

Mr. VAN BRUNT. For your interest he paid you in cash or did he pay you by check?

Mr. GLASSER. He gave me his check.

Mr. VAN BRUNT. What bank was that drawn on, do you have any idea?

Mr. GLASSER. No; I have not. It was for \$30,000.

Mr. VAN BRUNT. Just to clarify one point, this agreement that you had between yourself, Mr. Utley, Mr. Kleiger, and Mr. Tapper, as to the sharing of profits and the operation of the Bingo-Bridgo establishments, if that contract is not among your records here, you can make it available; is that right?

Mr. GLASSER. I certainly can try to.

Mr. VAN BRUNT. You did receive a copy of that contract, did you not?

Mr. GLASSER. I don't remember whether I received a copy or whether they were all signed and left at the attorney's office. I don't have any independent recollection. There was such an agreement whereby I was the operator and that would solve all the legal problems involved in clarifying my position as an operator, because under the police commission's ruling you have to make certain statements as to partners and all, and we took it up with the police commission, at that time, I believe, and the investigators and all. They said that I would have to have a paper showing that I was the operator, which I had to take out first.

Mr. VAN BRUNT. But aside from that, you had another agreement whereby you gentlemen split the profits made from the establishments; is that right?

Mr. GLASSER. No. There was, I believe, two or three agreements. One is a trust agreement; one is the operator's agreement; and the other one is to terminate the trust. I believe if they wanted to fire me, as the operator, or if I lost my license, I wouldn't lose my interest, if I had an interest.

Mr. VAN BRUNT. But those were written agreements; is that right?

Mr. GLASSER. Yes, sir. They were done for the purpose of satisfying the Los Angeles Police Commission on any statement that I had to make over there, to prove that I was the operator and not the owner. I could not be the owner and have partners, I believe, the way they worked it out. I had to be the operator.

Mr. VAN BRUNT. Who kept your books in your bookmaking interests?

Mr. GLASSER. That is so far back, Mr. Van Brunt, but I believe it was a gentleman by the name of Mr. Rothman. That goes back to 1935 or 1936; I am not too sure.

Mr. VAN BRUNT. But in 1943, I recall you said you had an interest in bookmaking.

Mr. GLASSER. In 1943 Mr. Tapper had Mr. Sackman take care of his books.

Mr. VAN BRUNT. All right, Mr. Glasser, that will be all.

(Whereupon, at 11:15 a. m., the hearing was adjourned until 10 a. m., the following day.)

# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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TUESDAY, NOVEMBER 21, 1950

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE SPECIAL COMMITTEE  
TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

## EXECUTIVE SESSION

MR. VAN BRUNT. Let the record show that on this date at approximately 9:45 a. m., Mr. Caspar Rotondo, Sr., and Mr. Caspar Rotondo, Jr., appeared before me with their attorney, Mr. Morris Lavine, and advised that they did not choose to testify other than before the committee itself.

(Whereupon, at 10:05 a. m., the hearing was adjourned subject to call of the chairman.)





# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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MONDAY, NOVEMBER 27, 1950

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE SPECIAL COMMITTEE  
TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

EXECUTIVE SESSION

The subcommittee met, pursuant to call of the chairman, at the Federal Building, Los Angeles, Calif., at 2 p. m., Herbert Van Brunt presiding.

Present : Herbert Van Brunt, special representative to the committee.

## TESTIMONY OF HYMAN MILLER, LOS ANGELES, CALIF.

(Mr. Miller, having been previously duly sworn, testified as follows:)

Mr. VAN BRUNT. For the record, will you state your full name, please?

Mr. MILLER. Hyman Miller.

Mr. VAN BRUNT. And your address?

Mr. MILLER. 121 South Citrus Avenue.

Mr. VAN BRUNT. Is that Los Angeles?

Mr. MILLER. Los Angeles, Calif.

Mr. VAN BRUNT. Where is your place of business, Mr. Miller?

Mr. MILLER. Las Vegas, Nev.; 128 Fremont Street, in the Eldorado Club.

Mr. VAN BRUNT. Do you have any local business connections?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. How long have you resided in Los Angeles?

Mr. MILLER. Oh, between 32 and 33 years.

Mr. VAN BRUNT. Do you maintain a residence in Las Vegas at the present time?

Mr. MILLER. No; but when I am there I stay at the Flamingo.

Mr. VAN BRUNT. Have you ever been arrested, Mr. Miller?

Mr. MILLER. I have been arrested twice, to the best of my knowledge.

Mr. VAN BRUNT. When was the first occasion?

Mr. MILLER. It was in 1941 or 1942, coming back from Caliente, on the Santa Fe Railroad. We were found guilty for disturbing the peace, and fined \$100. There was a big crowd coming back from Caliente and they gave the conductor a hotfoot and that led into

a brawl. They had some officers on the trains and they arrested us, me and about five other fellows.

Mr. VAN BRUNT. When was the second occasion when you were arrested?

Mr. MILLER. In Culver City; I don't know the exact date.

Mr. VAN BRUNT. Approximately when was that?

Mr. MILLER. Between 3 and 4 months ago.

Mr. VAN BRUNT. What were the circumstances surrounding that particular arrest?

Mr. MILLER. What do you mean "the circumstances"?

Mr. VAN BRUNT. Why were you arrested at that time?

Mr. MILLER. I was in a place where they had paraphernalia on baseball.

Mr. VAN BRUNT. Could you explain that a little further?

Mr. MILLER. Well, the charge was possession and maintaining paraphernalia.

Mr. VAN BRUNT. What kind of paraphernalia?

Mr. MILLER. Taking bets on baseball games—not taking bets—but it was maintaining and possession, that was the charge. You can look the records up; it is there.

Mr. VAN BRUNT. Was there a raid conducted on that particular occasion?

Mr. MILLER. Yes. Somebody knocked at the door and they said, "Let us in." We opened up and they said, "We are officers."

Mr. VAN BRUNT. You were present at the time of the raid, were you?

Mr. MILLER. Yes.

Mr. VAN BRUNT. And you were arrested at that time?

Mr. MILLER. Yes, I was arrested at that time with two other fellows.

Mr. VAN BRUNT. Were you using any name other than Hymie Miller at the time?

Mr. MILLER. Yes. When they booked us I used the name of Herman Mallard. We put up \$250 cash and then we didn't show up.

Mr. VAN BRUNT. You mean bail; is that right?

Mr. MILLER. That was the bond, but we put up the cash.

Mr. VAN BRUNT. You forfeited that bond?

Mr. MILLER. We forfeited it, yes.

Mr. VAN BRUNT. As a result of that what happened?

Mr. MILLER. Well, they found all this stuff in there and the papers blasted it and the next thing was that they had a warrant.

Mr. VAN BRUNT. After forfeiting the bond, there was a warrant issued for your arrest?

Mr. MILLER. Then they found out my real name, Hymie Miller, the newspapers found it out, and then I showed up. I just gave myself up.

Mr. VAN BRUNT. What was this bookmaking establishment known as? Did you have any particular name for it?

Mr. MILLER. Western Commissions.

Mr. VAN BRUNT. And the address of that is where?

Mr. MILLER. It is out on Washington Boulevard, but I don't know the exact address. It was in the back of a drug store.

Mr. VAN BRUNT. Did you have a similar business located in any other location in Los Angeles?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Did you ever have?

Mr. MILLER. I guess I have had.

Mr. VAN BRUNT. Where was that address and what was the name of the place?

Mr. MILLER. That was in Culver City in another place on the second floor.

Mr. VAN BRUNT. Was that also known as Western Commissions?

Mr. MILLER. Yes.

Mr. VAN BRUNT. How long had you operated that place?

Mr. MILLER. During the baseball and football season.

Mr. VAN BRUNT. You do not know the address of the prior place?

Mr. MILLER. I don't know the exact address, no.

Mr. VAN BRUNT. Getting back to this bookmaking establishment of yours that was recently raided, were you the sole owner of that establishment?

Mr. MILLER. No, I wasn't the sole owner.

Mr. VAN BRUNT. Who was associated with you in that venture?

Mr. MILLER. It shows in my income tax return, doesn't it, Mr. Van Brunt?

Mr. VAN BRUNT. Aside from your income tax report, Mr. Miller, and to your knowledge and in your words, who were you associated with in that venture?

Mr. MILLER. Mike Shapiro and Sam Boss.

Mr. VAN BRUNT. Are those the only two?

Mr. MILLER. There was Bill Rubin; he had a little piece of it, and this fellow that was arrested with me, LeBow.

Mr. VAN BRUNT. During the length of time that you have resided in and around Los Angeles, what business ventures have you engaged in?

Mr. MILLER. Well, you mean all the time I have been in Los Angeles?

Mr. VAN BRUNT. Yes.

Mr. MILLER. I started out as a newsboy. I was a newsboy around here from the age of 8 years old until 15, that I sold papers.

Mr. VAN BRUNT. And since that time?

Mr. MILLER. At that time I started boxing for the Los Angeles Athletic Club. I went to the Olympic games in 1928 as one of the American representatives. I won the flyweight championship in America and that gave me the right to go to Amsterdam, Holland.

Mr. VAN BRUNT. Following that what did you do?

Mr. MILLER. I started boxing professionally.

Mr. VAN BRUNT. How long were you a boxer?

Mr. MILLER. I was a boxer until about 1937 or 1936, in there some place.

Mr. VAN BRUNT. Following that what business were you engaged in?

Mr. MILLER. We opened up the 326 Cafe, the old Jim Jeffries Bar.

Mr. VAN BRUNT. Did you have gambling games there?

Mr. MILLER. Just 1 minute, sir. Yes; we booked a little. Customers would come in and out and we took a few bets.

Mr. VAN BRUNT. In other words, it was a bookmaking establishment?

Mr. MILLER. Well, it is a big bar.

Mr. VAN BRUNT. But you were making book there?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Who were you associated with in this venture?

Mr. MILLER. Bill Rubin.

Mr. VAN BRUNT. Anyone else?

Mr. MILLER. No.

Mr. VAN BRUNT. Are you acquainted with Mr. Irving Glasser?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Have you ever been associated with him in a book-making venture?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Where was that and when?

Mr. MILLER. I don't remember the year, but it was right up here on Temple Street; Temple and Broadway.

Mr. VAN BRUNT. What was the place of business known as?

Mr. MILLER. We were just in the back of a room there; we were in a back room with telephones. Do you mean how we filed our income tax? The place had no name.

Mr. VAN BRUNT. You had no name for that place?

Mr. MILLER. No.

Mr. VAN BRUNT. It was located in a building; was it?

Mr. MILLER. Yes.

Mr. VAN BRUNT. What building was that?

Mr. MILLER. It was that building right on the corner of Broadway and Temple.

Mr. VAN BRUNT. The building that Mr. Glasser presently has his bail bond business in?

Mr. MILLER. Yes.

Mr. VAN BRUNT. How long were you associated with him in the bookmaking business?

Mr. MILLER. I really don't know; I would have to look it up on my income-tax report.

Mr. VAN BRUNT. Were you two the only ones interested in that business or did you have other partners?

Mr. MILLER. It has been so long ago that I really, offhand, couldn't answer the question without guessing about it.

Mr. VAN BRUNT. Referring to your recent bookmaking business, Mr. Miller, how did you obtain your customers?

Mr. MILLER. We would go out and see them at a ball game or see them at a fight. We would just give them the telephone number.

Mr. VAN BRUNT. Roughly, how many customers did you have?

Mr. MILLER. Oh, when we started out we might have had 20 or 30, but at the finish we might have had close to 300.

Mr. VAN BRUNT. Did you have agents working for you on the outside?

Mr. MILLER. Yes; we had a couple of agents.

Mr. VAN BRUNT. Who were they?

Mr. MILLER. One was Mike Brown.

Mr. VAN BRUNT. Where is he from?

Mr. MILLER. He is from here.

Mr. VAN BRUNT. He lives in Los Angeles, does he?

Mr. MILLER. Yes, he does.



Mr. VAN BRUNT. Who else?

Mr. MILLER. We had a fellow named Lou Sachs; he is from here. I am trying to think now. We might have had another one but I can't think of the name right now.

Mr. VAN BRUNT. Were these individuals working on a commission basis?

Mr. MILLER. We bankrolled them on a 50-50 basis and this other fellow, Lou Sachs, was on a third basis.

Mr. VAN BRUNT. By that you mean you handled their action for 50 percent of the take or the winnings?

Mr. MILLER. Of the winnings, yes.

Mr. VAN BRUNT. They would call in bets that they had taken in to you?

Mr. MILLER. Well, they would have customers. Like I have customers calling me; their customers would call in to the office too.

Mr. VAN BRUNT. And use their names?

Mr. MILLER. Yes; say like Hymie for Lou Sachs, something like that.

Mr. VAN BRUNT. How would you make your checks with the customers? How would you make your collections from the customers who called in bets?

Mr. MILLER. We have a man that is a collector.

Mr. VAN BRUNT. Who is he?

Mr. MILLER. His name is Dave Winston.

Mr. VAN BRUNT. Where does he reside?

Mr. MILLER. In Los Angeles.

Mr. VAN BRUNT. On what basis was he employed by you?

Mr. MILLER. On a salary; he got a straight salary.

Mr. VAN BRUNT. Approximately what was the daily volume of business had by you and your bookmaking establishment?

Mr. MILLER. Well, you see, I am not the bookkeeper. LeBow was the accountant and the bookkeeper. He got 10 percent of the place and that was his business.

Mr. VAN BRUNT. He kept all the records, did he?

Mr. MILLER. He has got all the records, yes.

Mr. VAN BRUNT. Were you affiliated with any similar such business in any other States, other than California?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Did you lay off any bets with anyone other than persons in California?

Mr. MILLER. I laid off to this office in Chicago, Mal Clark, and Johnny McDonald, the Gym Club.

Mr. VAN BRUNT. With anyone else?

Mr. MILLER. With San Francisco; I laid off with them.

Mr. VAN BRUNT. Where at?

Mr. MILLER. With the people that run that place, with Cassie Harris.

Mr. VAN BRUNT. What was the name of that place of business?

Mr. MILLER. They didn't really have a name; I would just call them on the telephone. Well, that was the Film Row Club.

Mr. VAN BRUNT. The Film Row Club?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Did you accept any lay-off bets at your place?

Mr. MILLER. Well, I would say we took lay-offs too, but not from these people in the East.

MR. VAN BRUNT. From whom did you take lay-off bets?

MR. MILLER. This fellow in San Francisco.

MR. VAN BRUNT. Harris, you mean?

MR. MILLER. Yes.

MR. VAN BRUNT. You are acquainted with Mickey Cohen, are you?

MR. MILLER. Yes, I am.

MR. VAN BRUNT. Did you have any business transactions with him?

MR. MILLER. I had no business transactions with him. You mean doing business on the horses and baseball?

MR. VAN BRUNT. That is right.

MR. MILLER. No, sir.

MR. VAN BRUNT. Have you ever had any other kind of business transactions with Mr. Cohen?

MR. MILLER. Well, I loaned him \$5,000 in 1948, that he hasn't paid me back yet.

MR. VAN BRUNT. Was that a personal loan?

MR. MILLER. Yes, sir.

MR. VAN BRUNT. Did he give you any security or a note?

MR. MILLER. He gave me nothing.

MR. VAN BRUNT. What induced you to loan him \$5,000?

MR. MILLER. I don't know. He cried and this and that, and I might have been in a good mood that day and that is how he got it; otherwise he wouldn't have got it.

MR. VAN BRUNT. Were you that friendly with Mr. Cohen?

MR. MILLER. Well, we were kids together around here in Boyle Heights, when he was young and I was young.

MR. VAN BRUNT. That was the only reason for you loaning him the money; is that right?

MR. MILLER. That wouldn't be the reason. I wouldn't call it the reason. I just loaned it to him.

MR. VAN BRUNT. Has he approached you since then for any money?

MR. MILLER. No, sir.

MR. VAN BRUNT. Has he made any attempt to pay you back?

MR. MILLER. No attempts whatsoever. I have called him and he says that he hasn't got it.

MR. VAN BRUNT. Are you familiar with a company known as the Guarantee Finance Co.?

MR. MILLER. No, sir.

MR. VAN BRUNT. You never heard of it?

MR. MILLER. I heard of it when I read about it in the papers.

MR. VAN BRUNT. Other than that you know nothing of it?

MR. MILLER. No.

MR. VAN BRUNT. You never had any business dealings with it?

MR. MILLER. No, sir; not to the best of my knowledge, I haven't.

MR. VAN BRUNT. You are aware that they were a bookmaking establishment as well as being a finance company?

MR. MILLER. I read it in the papers.

MR. VAN BRUNT. But you know nothing of their operations, do you?

MR. MILLER. No, sir.

MR. VAN BRUNT. Are you acquainted with James Contratto?

MR. MILLER. I know him, yes.

MR. VAN BRUNT. Do you know him very well?

Mr. MILLER. I have known him for maybe 15 years.

Mr. VAN BRUNT. Have you ever had any business dealings with him?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Getting back to your laying off of bets, Mr. Miller, was that business transacted by telephone?

Mr. MILLER. Yes, sir, it was.

Mr. VAN BRUNT. Likewise lay-off bets that were placed with you, were placed by telephone; is that right?

Mr. MILLER. Yes. All lay-offs are by telephone. That is the only way we did business. We didn't have any open rooms or anything like that.

Mr. VAN BRUNT. Did you have agents representing you, let's say, at the Film Row Club in San Francisco?

Mr. MILLER. No.

Mr. VAN BRUNT. The only contact that you had with them, so far as your business was concerned, was by telephone; is that right?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. You just recently moved to Las Vegas, did you not?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. What induced you to go into business in Las Vegas?

Mr. MILLER. Well, I got arrested here so I went and did the next best thing, to get legitimate, and to better myself.

Mr. VAN BRUNT. You moved to Las Vegas after having been arrested here in Los Angeles?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Are you operating a similar sort of business in Las Vegas?

Mr. MILLER. Yes. We are operating the same business; sports, booking football and baseball.

Mr. VAN BRUNT. Are you taking any bets from California?

Mr. MILLER. If people call us, yes, sir.

Mr. VAN BRUNT. From individuals only?

Mr. MILLER. Individuals; yes.

Mr. VAN BRUNT. How about local bookmakers?

Mr. MILLER. In Las Vegas, you mean?

Mr. VAN BRUNT. Here in California, or any other States other than Nevada.

Mr. MILLER. It is the same thing. We get our line from the East and when we have a lay-off we give it to them.

Mr. VAN BRUNT. For instance, these people in Chicago, are you still laying off bets with them?

Mr. MILLER. Well, we haven't had any.

Mr. VAN BRUNT. You have not laid off any with them?

Mr. MILLER. Not since we have moved to Las Vegas. I haven't been up there for a month. These other people are running the business.

Mr. VAN BRUNT. Are you laying off with the Film Row Club at the present time?

Mr. MILLER. No, sir; I am not.

Mr. VAN BRUNT. Or with the people who are connected with that club?

Mr. MILLER. I think they are doing business with them; that is, my partners that are taking care of the business in Vegas.

Mr. VAN BRUNT. Who are your partners in Las Vegas?

Mr. MILLER. Bill Rubin and J. LeBow.

Mr. VAN BRUNT. In order to run a bookmaking establishment, such as you had in Culver City, or your place in Las Vegas, there are various forms, printed forms and one thing and another, that you would need; is that correct?

Mr. MILLER. You mean printed sheets?

Mr. VAN BRUNT. Yes; markers, for instance.

Mr. MILLER. I wouldn't call them markers. We would call them listings, like for the football games where there are 30 football games that might be listed.

Mr. VAN BRUNT. Do you issue tickets?

Mr. MILLER. We write the tickets for our own benefit; we don't issue to anybody.

Mr. VAN BRUNT. Are those tickets a standard form? Do you have them printed?

Mr. MILLER. Yes; we have them printed up.

Mr. VAN BRUNT. From whom do you get them?

Mr. MILLER. I don't know. The collector goes out and has them printed.

Mr. VAN BRUNT. Which collector are you referring to?

Mr. MILLER. This boy that works for us.

Mr. VAN BRUNT. Didn't you ever pay for those forms yourself?

Mr. MILLER. You mean like we take a bet in the office and we have to have a record of it so we write it on a ticket; is that what you mean?

Mr. VAN BRUNT. Yes.

Mr. MILLER. This boy pays for them.

Mr. VAN BRUNT. Is there a standard form?

Mr. MILLER. No; we just make up our own tickets.

Mr. VAN BRUNT. You still have your old customers calling you at Las Vegas and placing bets with you?

Mr. MILLER. Some of them, yes.

Mr. VAN BRUNT. From in and about Los Angeles; is that right?

Mr. MILLER. Yes.

Mr. VAN BRUNT. And other parts of California?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Are all those bets placed by telephone?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Are there all sent to you by way of telegrams?

Mr. MILLER. No telegrams, no.

Mr. VAN BRUNT. Going back a couple of years, Mr. Miller, did you ever receive a beating from someone?

Mr. MILLER. A couple of years ago?

Mr. VAN BRUNT. A few years ago, let us say. Maybe it was more recent than that.

Mr. MILLER. Well, it was before the war; I can remember that.

Mr. VAN BRUNT. You did receive a beating at that time?

Mr. MILLER. I forgot to tell you that I was in the Army for 23 months.

Mr. VAN BRUNT. Prior to going into the Army, you did receive a beating?



Mr. MILLER. I got hit on the head coming out of Lyman's restaurant on Vine.

Mr. VAN BRUNT. Who hit you on the head?

Mr. MILLER. Well, at that time Cohen was around there; Mickey Cohen.

Mr. VAN BRUNT. In other words, you saw him in that vicinity?

Mr. MILLER. When we walked out he was in the vicinity, yes.

Mr. VAN BRUNT. Did he have anything to do with the beating?

Mr. MILLER. I don't know how to explain that. Do I have to answer that question?

Mr. VAN BRUNT. I am not here to rule as to whether you have to or you don't have to or you should or you should not. If for some reason you don't want to answer a question the way things are now that is your privilege.

Mr. MILLER. I wouldn't be cited for contempt then?

Mr. VAN BRUNT. I cannot answer that either, Mr. Miller, because I do not know.

Mr. MILLER. What was the question?

Mr. VAN BRUNT. Read the question, please.

(The question was read by the reporter.)

Mr. MILLER. It has been about 8 years ago. To the best of my knowledge, the next day the police department had him down there and had me down there.

Mr. VAN BRUNT. What happened as a result of you both going to the police department?

Mr. MILLER. I don't know what they said to him, but I told them, "Don't make me the goat."

Mr. VAN BRUNT. Had you had any trouble with Cohen prior to the time of the beating?

Mr. MILLER. I don't remember. He might have made some crack at me or something and then I walked out of the restaurant.

Mr. VAN BRUNT. Did he make a crack at you?

Mr. MILLER. He said that I was a smart punk or something like that; I don't really know now.

Mr. VAN BRUNT. What did you say?

Mr. MILLER. I said, "You got no right talking that way to me; bulldozing me."

Mr. VAN BRUNT. What happened then?

Mr. MILLER. That is all. I walked out and the next thing I found myself in the Hollywood police station hospital.

Mr. VAN BRUNT. Was Cohen alone at the time?

Mr. MILLER. Yes, he was alone; but there were a lot of other fellows there.

Mr. VAN BRUNT. Friends of his?

Mr. MILLER. Friends of mine and friends of his.

Mr. VAN BRUNT. What did your friends say after you received that beating?

Mr. MILLER. I don't remember, it has been so long ago.

Mr. VAN BRUNT. Did they tell you who did it?

Mr. MILLER. No; they didn't want to say nothing.

Mr. VAN BRUNT. Was it after this or before this that Cohen borrowed this money from you?

Mr. MILLER. Oh, it happened in 1948 that he borrowed the money; this happened in 1942. It would have to be after.

Mr. VAN BRUNT. Was there any connection between the two incidents?

Mr. MILLER. What do you mean "connection"?

Mr. VAN BRUNT. Did your loaning the money to Cohen have anything to do with the beating?

Mr. MILLER. No; I didn't talk to Cohen for 5 years.

Mr. VAN BRUNT. The next time he talked to you was when he wanted to borrow the money, or did you have conversations with him before that?

Mr. MILLER. He opened that new store up on Sunset Boulevard and we made up.

Mr. VAN BRUNT. In other words, the only dealings you ever had with Cohen were just personal dealings; you had no business connections whatsoever with him?

Mr. MILLER. No.

Mr. VAN BRUNT. You were never associated with him in any business?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. I will refer now to some figures that are in the hands of the committee, Mr. Miller, showing sums of money given out by you or received by you, and to the best of your knowledge I would like you to explain some of these amounts. They are in connection with your bookmaking enterprise out in Culver City. The matter of rent. What were you paying a month out there?

Mr. MILLER. Rent?

Mr. VAN BRUNT. Yes.

Mr. MILLER. I really don't know. Like I told you, this LeBow he kept the books on everything.

Mr. VAN BRUNT. Did you sign the checks for the rent?

Mr. MILLER. Well, we paid in the cash a lot of times, I think.

Mr. VAN BRUNT. Who did you pay?

Mr. MILLER. I didn't pay it.

Mr. VAN BRUNT. Who were you paying rent to?

Mr. MILLER. They were paying the rent; you mean the Culver City place?

Mr. VAN BRUNT. Yes. Who were you renting it from?

Mr. MILLER. We were renting it from the landlord there; I don't know who he was.

Mr. VAN BRUNT. Did you make arrangements for the building, the renting of the building?

Mr. MILLER. No; I didn't make any arrangements at all, sir.

Mr. VAN BRUNT. Do you know anything about the arrangements for the rent?

Mr. MILLER. The kid just paid it every month.

Mr. VAN BRUNT. You don't know who he paid it to?

Mr. MILLER. He paid it to the landlord, I guess.

Mr. VAN BRUNT. I will refer to some checks written by you, made out to cash; two checks in the amount of \$2,000 for "B. B."

Mr. MILLER. I couldn't remember. See, the bookkeeper wrote the checks, the accountant, and I signed them.

Mr. VAN BRUNT. Would you say those were pay-offs on bets?

Mr. MILLER. It could have been a pay-off on bets, yes; it had to be, I guess.

Mr. VAN BRUNT. Did you ever send any money to the Athletic Publications?

Mr. MILLER. I guess he did. That is where we bought these things, like the football schedules.

Mr. VAN BRUNT. The forms?

Mr. MILLER. Yes.

Mr. VAN BRUNT. That you made your bets out on?

Mr. MILLER. No; that is to give out to the customers, see.

Mr. VAN BRUNT. Run-down sheets, would you call them?

Mr. MILLER. In football it would be run-down sheets, yes; like in horses it is run-down sheets. That is what it would be; yes.

Mr. VAN BRUNT. They printed these up for you and sent them to you daily, did they?

Mr. MILLER. No; weekly.

Mr. VAN BRUNT. Where was the Athletic Publications located?

Mr. MILLER. It is located in Minneapolis.

Mr. VAN BRUNT. Do you know the address?

Mr. MILLER. No.

Mr. VAN BRUNT. Who are the owners of the Athletic Publications?

Mr. MILLER. I really don't know.

Mr. VAN BRUNT. How were you put in touch with them?

Mr. MILLER. Well, somebody O. K.'d us. We called them and made our preparations for them to send us these sheets every week.

Mr. VAN BRUNT. Who O. K.'d you?

Mr. MILLER. Somebody just told us to call these people.

Mr. VAN BRUNT. Don't you know who that was?

Mr. MILLER. I don't know who it was; they send out circulars.

Mr. VAN BRUNT. Are you still doing business with them?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Who is S. Anderman?

Mr. MILLER. I guess he is one of our customers.

Mr. VAN BRUNT. Do you know him?

Mr. MILLER. Not by sight, no; just by his name.

Mr. VAN BRUNT. Where does he live?

Mr. MILLER. I really don't know.

Mr. VAN BRUNT. In other words, you are just familiar with the name?

Mr. MILLER. I know that he is a customer; yes. You see, I don't make the envelopes and send the checks out.

Mr. VAN BRUNT. Is he from California or from some other State?

Mr. MILLER. This Anderman, you mean?

Mr. VAN BRUNT. Yes.

Mr. MILLER. He is from California.

Mr. VAN BRUNT. From Los Angeles?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Who is Morris Baker, known as Barber?

Mr. MILLER. He is another customer around there.

Mr. VAN BRUNT. A local customer?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Checks made out to him would be in payment of bets.

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Sam Briskin, who is he?

Mr. MILLER. That would be a customer that we paid by check, I guess.

Mr. VAN BRUNT. Local?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Who is Dave Butler?

Mr. MILLER. You know Dave Butler, don't you?

Mr. VAN BRUNT. Is he the motion-picture producer?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Who is C. Chaplin?

Mr. MILLER. He is a customer around there; I don't know him so good.

Mr. VAN BRUNT. Is he also from Hollywood?

Mr. MILLER. Out in Hollywood; yes.

Mr. VAN BRUNT. Is he the motion-picture actor?

Mr. MILLER. No; he isn't.

Mr. VAN BRUNT. Dave Chorna?

Mr. MILLER. He is a customer.

Mr. VAN BRUNT. Is he local also?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Mal Clark?

Mr. MILLER. Chicago.

Mr. VAN BRUNT. Was he a customer?

Mr. MILLER. We were a customer to him.

Mr. VAN BRUNT. In what way?

Mr. MILLER. Laying off bets.

Mr. VAN BRUNT. Do you know his address in Chicago?

Mr. MILLER. No; I don't know it.

Mr. VAN BRUNT. Is he still in operation in Chicago?

Mr. MILLER. Not to my knowledge.

Mr. VAN BRUNT. Are you laying off any bets with him at the present time?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Does he have an establishment similar to yours?

Mr. MILLER. Telephones; you call him on the telephone. I have never been there.

Mr. VAN BRUNT. You have never met him?

Mr. MILLER. I met him once; yes.

Mr. VAN BRUNT. Where did you meet him?

Mr. MILLER. In Palm Springs. I just run into him there.

Mr. VAN BRUNT. He was just visiting there, was he?

Mr. MILLER. I guess he was.

Mr. VAN BRUNT. How did you become acquainted with Mal Clark?

Mr. MILLER. That is the name of the office. I guess that is his name too. We got to get the prices on these football games and baseball games and we called him. Somebody around here said that we should call Mal Clark in Chicago and we called him.

Mr. VAN BRUNT. Who is that somebody around here? Does he have a local representative?

Mr. MILLER. No; fellows that have been back East.

Mr. VAN BRUNT. How long have you done business with Mal Clark?

Mr. MILLER. To the best of my knowledge around 4 or 5 years.

Mr. VAN BRUNT. Does he lay off any bets with you?

Mr. MILLER. No; he doesn't.



Mr. VAN BRUNT. Does he give you what is known as the morning line, or is there such a thing in football?

Mr. MILLER. Football, it comes out on Monday; that is the opening line.

Mr. VAN BRUNT. He furnishes you with that, does he?

Mr. MILLER. Yes.

Mr. VAN BRUNT. By mail or by telephone?

Mr. MILLER. By phone.

Mr. VAN BRUNT. Where does he get it from?

Mr. MILLER. I don't know; we just call him and get the line.

Mr. VAN BRUNT. Do you know if he compiles that information himself?

Mr. MILLER. I wouldn't know.

Mr. VAN BRUNT. You take bets on horses, do you not?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. You never have?

Mr. MILLER. I did years ago.

Mr. VAN BRUNT. But not within the last few years?

Mr. MILLER. That is right.

Mr. VAN BRUNT. Your bookmaking is strictly on sporting events, such as football and baseball games?

Mr. MILLER. Boxing, when there is a championship fight.

Mr. VAN BRUNT. In connection with your having taken bets on horse races, who did you receive your morning line from then? Was there a central place?

Mr. MILLER. It has been so long ago that I don't remember. I guess it was the service here in town.

Mr. VAN BRUNT. Here in town?

Mr. MILLER. Isn't there a service here? I haven't fooled with the horses for so long.

Mr. VAN BRUNT. How long ago was it that you took bets on horses?

Mr. MILLER. It has been a long time ago.

Mr. VAN BRUNT. Mal Clark, in other words, specializes in sporting events, such as football and baseball games?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. But not the horses?

Mr. MILLER. No, sir; he doesn't.

Mr. VAN BRUNT. Who is Frank Dobbs?

Mr. MILLER. I don't know. Dobbs, did you say?

Mr. VAN BRUNT. That is right.

Mr. MILLER. I don't know.

Mr. VAN BRUNT. Who is Al Durslag?

Mr. MILLER. A customer from around there.

Mr. VAN BRUNT. Who is Jack Ellis?

Mr. MILLER. He is a customer too.

Mr. VAN BRUNT. A local customer?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Checks issued by you to the Film Row Club were for transactions such as you have previously mentioned?

Mr. MILLER. Yes.

Mr. VAN BRUNT. For lay-off bets?

Mr. MILLER. Yes.

Mr. VAN BRUNT. You said, did you not, that they in turn laid off bets with you on occasions?

Mr. MILLER. A few times, yes.

Mr. VAN BRUNT. They paid you by check also, did they?

Mr. MILLER. Yes.

Mr. VAN BRUNT. A check such as this in the amount of \$57,000, would that be for business transacted with them over a period of time?

Mr. MILLER. Over a period of time, but I don't remember any check for \$57,000.

Mr. VAN BRUNT. It states here that there were six checks issued in the total amount of \$57,000.

Mr. MILLER. Six checks, sure.

Mr. VAN BRUNT. How long a period would you say that would cover?

Mr. MILLER. It could take 6 months and it could take a week.

Mr. VAN BRUNT. You mentioned the name of Harris with the Film Row Club. Was there anyone else connected with that club?

Mr. MILLER. Harry Pelsinger.

Mr. VAN BRUNT. What was his position with the Film Row Club?

Mr. MILLER. I think he was one of the owners.

Mr. VAN BRUNT. With Harris, you mean?

Mr. MILLER. Yes.

Mr. VAN BRUNT. Was there anyone else connected with them that you know of?

Mr. MILLER. Not that I know, not to the best of my knowledge.

Mr. VAN BRUNT. How did you make arrangements to do business with them?

Mr. MILLER. I used to go up to Frisco, fly up for football games and baseball games. I used to go up and have a good time.

Mr. VAN BRUNT. It was on the occasion of these visits that you were introduced to him?

Mr. MILLER. He comes down here and I go up there. He is an ex-prizefighter, too.

Mr. VAN BRUNT. You are referring to Harris or Pelsinger?

Mr. MILLER. To Pelsinger.

Mr. VAN BRUNT. What were the Flamingo commissions for; Hy G; what would that mean?

Mr. MILLER. He might have given us a bet on a football game or a baseball game. He is in the horse business.

Mr. VAN BRUNT. Who is?

Mr. MILLER. Hy G.

Mr. VAN BRUNT. Who is Hy G?

Mr. MILLER. That is this fellow, Hy Goldbaum; that is the Flamingo commissions.

Mr. VAN BRUNT. He would send bets to you for which you would pay commissions to him; is that right?

Mr. MILLER. No; I don't pay no commissions.

Mr. VAN BRUNT. He wasn't an agent for you at that time?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Would that be in the form of a lay-off bet then?

Mr. MILLER. He could have bet me on a football game; yes.

Mr. VAN BRUNT. This could have been a pay-off for a bet which he placed with you?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Why would he place a bet with you here when he could place it with somebody in Nevada?

Mr. MILLER. Maybe I got a better price. Some people might have a game at 7 points and I might have it at 6 points.

Mr. VAN BRUNT. How about these bookmakers in Nevada, don't they get their information from Mal Clark?

Mr. MILLER. I wouldn't say so.

Mr. VAN BRUNT. Where would they be getting it from?

Mr. MILLER. I wouldn't know; some place in the country.

Mr. VAN BRUNT. In the United States, you mean?

Mr. MILLER. That is right.

Mr. VAN BRUNT. In other words, the figures you get from Mal Clark determine the odds that you give on a particular sporting event; is that right?

Mr. MILLER. Yes. We call him up in the morning and say like Notre Dame is playing South Carolina this Friday, and he will tell us 7 points or whatever it is; everybody doesn't have the same line. People get their action and then they change it.

Mr. VAN BRUNT. There are other people in this country, then, such as Mal Clark; is that right?

Mr. MILLER. Oh, sure. I guess there are a lot of them.

Mr. VAN BRUNT. Do you know of any others?

Mr. MILLER. No; not that I can remember.

Mr. VAN BRUNT. Who is Dave Fox?

Mr. MILLER. He is a player; a customer.

Mr. VAN BRUNT. Is he local?

Mr. MILLER. Yes.

Mr. VAN BRUNT. How about D. Ginsberg?

Mr. MILLER. Local.

Mr. VAN BRUNT. How about J. Gross?

Mr. MILLER. He is local.

Mr. VAN BRUNT. He is a customer; is he?

Mr. MILLER. Yes.

Mr. VAN BRUNT. How about Ike Hasson?

Mr. MILLER. He is a bookmaker in Portland.

Mr. VAN BRUNT. Portland, Oreg.?

Mr. MILLER. Portland, Oreg.; yes.

Mr. VAN BRUNT. What were your business connections with him?

Mr. MILLER. We would lay off to him and sometimes take a bet from him.

Mr. VAN BRUNT. These accounts made out to him would be for lay-offs?

Mr. MILLER. For lay-offs and sometimes he would give us a bet; mostly I think it would be lay-offs to him.

Mr. VAN BRUNT. Where is he located in Portland?

Mr. MILLER. I don't know; I just know him by number. I got his address in the book some place.

Mr. VAN BRUNT. Who is Benny Ignatz?

Mr. MILLER. He is a local fellow; he used to be a local fellow. He is a customer.

Mr. VAN BRUNT. A bettor?

Mr. MILLER. A bettor; yes.

Mr. VAN BRUNT. Who is D. Jaffe?

Mr. MILLER. A local customer.

Mr. VAN BRUNT. How about Johnson?

Mr. MILLER. He is a customer; local.

Mr. VAN BRUNT. You are sure of that?

Mr. MILLER. Yes. He could be from Long Beach.

Mr. VAN BRUNT. Do you know his first name?

Mr. MILLER. I think it is Roy.

Mr. VAN BRUNT. But he is local, you say?

Mr. MILLER. Yes.

Mr. VAN BRUNT. What does he do in Long Beach?

Mr. MILLER. I don't know.

Mr. VAN BRUNT. Who is Morrie Klein?

Mr. MILLER. He is a customer; local.

Mr. VAN BRUNT. Where does he live?

Mr. MILLER. He lives around here some place, the last I heard of him.

Mr. VAN BRUNT. Now, a man like Johnson is a pretty big customer, is he not?

Mr. MILLER. Roy Johnson?

Mr. VAN BRUNT. Yes.

Mr. MILLER. I don't think he is a big customer, if it is the Johnson I am thinking of. He bets a couple of hundred and sometimes he would make a \$1,000 bet, but I don't remember if that is the same Johnson.

Mr. VAN BRUNT. He and Morrie Klein are not associated together, are they?

Mr. MILLER. Not to my knowledge.

Mr. VAN BRUNT. Who is D. Kolbus?

Mr. MILLER. He is a customer.

Mr. VAN BRUNT. From where?

Mr. MILLER. I think he is from Fresno.

Mr. VAN BRUNT. How would you get a man like Kolbus, for instance, as a customer from Fresno?

Mr. MILLER. Well, they hear about us and they call us up and we take a chance with them.

Mr. VAN BRUNT. You don't have to know anything about the background of the individual?

Mr. MILLER. Well, he is in some legitimate business there and he isn't a big player; a hundred or \$200. We take a chance with him.

Mr. VAN BRUNT. A man like Johnson where you pay him maybe \$1,000 at a time, how does he establish himself with you?

Mr. MILLER. Well, I see him around the ball park here and I see that his credit is good around there, so we put him on.

Mr. VAN BRUNT. In your business you might even check with the local credit bureau; is that right?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Who is H. Lang?

Mr. MILLER. A customer; local.

Mr. VAN BRUNT. And Vic Levy?

Mr. MILLER. He is a customer; local.

Mr. VAN BRUNT. How about Ed Lowe?

Mr. MILLER. He is a customer.

Mr. VAN BRUNT. Local also?

Mr. MILLER. Yes. You should know him, Edmund Lowe.



Mr. VAN BRUNT. Is that the movie actor?

Mr. MILLER. Yes; he is a \$50 player.

Mr. BRUNT. How about I. Messenger?

Mr. MILLER. A local customer.

Mr. VAN BRUNT. And J. McDonald?

Mr. MILLER. That is the Gym Club; Johnny McDonald in Chicago, if it is the McDonald I am thinking of.

Mr. VAN BRUNT. Well, it says "Gym Club" here. Would that be lay-offs with him?

Mr. MILLER. Yes, and we get the line from him too.

Mr. VAN BRUNT. As you do from Mal Clark?

Mr. MILLER. That is right.

Mr. VAN BRUNT. That is what I want to find out. Who else do you get this line from?

Mr. MILLER. Those are the only two offices.

Mr. VAN BRUNT. You get that weekly, you say?

Mr. MILLER. We get the opening line on Monday, but we would call every morning and see if there were any changes.

Mr. VAN BRUNT. To see if there were any changes?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Who is Nat Pendleton?

Mr. MILLER. He is a customer; local.

Mr. VAN BRUNT. Who is Leo Phillips?

Mr. MILLER. A local customer.

Mr. VAN BRUNT. And B. B. Robinson?

Mr. MILLER. He is a local customer, too.

Mr. VAN BRUNT. Who is Sam Rodder?

Mr. MILLER. He is from Fresno; he is a friend of this Kolbus.

Mr. VAN BRUNT. There is a notation here that states "Note." Did he owe you some money?

Mr. MILLER. N-o-t-e?

Mr. VAN BRUNT. Yes.

Mr. MILLER. He owed us but he always paid.

Mr. VAN BRUNT. He must have been a pretty big bettor, was he not?

Mr. MILLER. He would bet a thousand dollars or \$2,000.

Mr. VAN BRUNT. How about Sam Ruja?

Mr. MILLER. A local customer.

Mr. VAN BRUNT. And M. Saltzman?

Mr. MILLER. He was a local customer.

Mr. VAN BRUNT. How about Sid Schwartz?

Mr. MILLER. A local customer.

Mr. VAN BRUNT. And Al Segal?

Mr. MILLER. He is a local customer, too.

Mr. VAN BRUNT. How about Jack Skirball?

Mr. MILLER. He is a local customer; he is a pretty good producer.

Mr. VAN BRUNT. How about Ed Stein?

Mr. MILLER. He is a local customer.

Mr. VAN BRUNT. S. Stein?

Mr. MILLER. A local customer; he was a pretty good wrestler at one time, Sammy Stein was.

Mr. VAN BRUNT. How about Richard Takvorian?

Mr. MILLER. A customer; local.

Mr. VAN BRUNT. George Wagner?

Mr. MILLER. A customer; local.

Mr. VAN BRUNT. Mr. Wittkus?

Mr. MILLER. I guess he is a local customer.

Mr. VAN BRUNT. You say he is a customer; is that right?

Mr. MILLER. I guess he is, to the best of my knowledge, if he is on that list you have.

Mr. VAN BRUNT. How about Abe Zimmerman?

Mr. MILLER. A customer.

Mr. VAN BRUNT. And Al Zimmerman?

Mr. MILLER. He is a customer.

Mr. VAN BRUNT. Are you acquainted with a concern known as Taylor & Co.?

Mr. MILLER. Taylor & Co.?

Mr. VAN BRUNT. Yes.

Mr. MILLER. No, sir.

Mr. VAN BRUNT. In Cicero, Ill.?

Mr. MILLER. No.

Mr. VAN BRUNT. You never did any business with them?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Do you know a Morrie "Snags" Klein?

Mr. MILLER. "Snags" Klein?

Mr. VAN BRUNT. Yes.

Mr. MILLER. I know a Morrie Klein.

Mr. VAN BRUNT. The Klein you said you knew was a local man?

Mr. MILLER. Yes; a local man.

Mr. VAN BRUNT. Your business that you are operating now in Las Vegas is being operated on the same basis that you were operating your establishment out here at Culver City?

Mr. MILLER. No, sir. There are just the three of us, LeBow, Rubin, and Miller, on different percentage bases.

Mr. VAN BRUNT. Out here you had others besides those two?

Mr. MILLER. Shapiro and Boss.

Mr. VAN BRUNT. They are not affiliated with you at this time?

Mr. MILLER. No.

Mr. VAN BRUNT. When you were taking bets on horses, from whom were you getting your wire service?

Mr. MILLER. I don't remember because I didn't do the inside work.

Mr. VAN BRUNT. What were you doing?

Mr. MILLER. I was running the bar there.

Mr. VAN BRUNT. I am referring to the case where you and Mr. Glasser were associated together.

Mr. MILLER. It has been so long ago that I don't remember; I really don't remember.

Mr. VAN BRUNT. Have you been associated within the last 2 years with Mr. Glasser?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Did he have any interest in this establishment of yours in Culver City?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Other than bookmaking, have you had any other businesses where gambling was conducted?

Mr. MILLER. You mean like dice houses or anything like that?

Mr. VAN BRUNT. That is right.

Mr. MILLER. No.

Mr. VAN BRUNT. Your gambling activities have been limited solely to bookmaking?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Either on horses or sporting events?

Mr. MILLER. Yes, sir.

Mr. VAN BRUNT. Taking bets on sporting events, is there such a thing as service on that other than receiving your morning line, for instance?

Mr. MILLER. What do you mean "service"?

Mr. VAN BRUNT. Your results.

Mr. MILLER. In Las Vegas get it off the ticker and off the radio; there is a Western Union ticker that gives us the results.

Mr. VAN BRUNT. How about out here?

Mr. MILLER. Out here?

Mr. VAN BRUNT. Yes, in Culver City, for instance.

Mr. MILLER. We never had a ticker there.

Mr. VAN BRUNT. You relied on the radio solely?

Mr. MILLER. Radio, and then we would call up the newspapers.

Mr. VAN BRUNT. When would you close your book on sporting events, such as football games? Just prior to the starting of the game; is that right?

Mr. MILLER. Well, we would close every night at 6 o'clock but on a game, just prior to the game. Say a game is scheduled for 8:30 here; we would close it up at 8:30.

Mr. VAN BRUNT. Getting back to the forms used by you, they are all purchased locally, to the best of your knowledge?

Mr. MILLER. Well, outside of that athletic publications. Is that what you mean?

Mr. VAN BRUNT. Yes.

Mr. MILLER. Like the schedules?

Mr. VAN BRUNT. Yes.

Mr. MILLER. They send us the schedules.

Mr. VAN BRUNT. Do you have anything else you would like to say at this time, Mr. Miller, about your business activities?

Mr. MILLER. No, sir.

Mr. VAN BRUNT. Do you intend to be in town here for some time yet?

Mr. MILLER. Well, my home is here; I own a home here.

Mr. VAN BRUNT. In other words, you don't plan to go back to Las Vegas?

Mr. MILLER. We go to Vegas, back and forth. There are three partners and they live here too. We go back and forth. After the first of the year we don't know what our plans will be because after the Rose Bowl game there is a lull for about 3 months; after the bowl games there is a lull for about 3 months.

Mr. VAN BRUNT. By what telephone can you be reached at here locally?

Mr. MILLER. Those two phones that you called me on before; WHitney 9351 and WEbster 5589.

Mr. VAN BRUNT. There is one other thing I would like to refer to here. On the occasion that you were contacted by Mickey Cohen

regarding Borden, did you receive any information to the effect that your name was used in chartering the airplane?

Mr. MILLER. To tell you the truth, I didn't know nothing about it until I read it in the paper the other day.

Mr. VAN BRUNT. What did you read in the papers the other day?

Mr. MILLER. The pilot said he flew two people back by the names of Mr. Miller and Mr. Lubin. But then I asked the newspapers to retract that statement. If Borden came back on the plane, how could I be on the plane? It is the truth that Borden came back on the plane.

Mr. VAN BRUNT. You knew that?

Mr. MILLER. Well, no, I just read that in the paper. What I was trying to tell the newspapermen was how can I and Borden and Lubin be on the plane. What I am trying to get at is that I was in bed and the papers made a statement that Lubin and I brought Borden back.

Mr. VAN BRUNT. Could it be possible that Borden used your name?

Mr. MILLER. Under the circumstances, to my own way of thinking, that is what it looks like.

Mr. VAN BRUNT. But you know nothing about it?

Mr. MILLER. I know nothing about it; no.

Mr. VAN BRUNT. You know no more about that incident than what you have told the committee when you originally appeared before them?

Mr. MILLER. That is right. I told the FBI; they had me up there and they told me the same thing.

Mr. VAN BRUNT. At this time, Mr. Miller, that will be all. If there is anything further we want to get from you we will contact you.

Mr. MILLER. You can have my Las Vegas number, too; LD 9876.

(Whereupon, at 3 p. m. the hearing was adjourned, subject to call of the chairman.)



# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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TUESDAY, NOVEMBER 21, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*San Francisco, Calif.*

The committee met, pursuant to call of the chairman, at 9 a. m. in the grand jury room of the Federal courthouse and post office, San Francisco, Calif., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel; and Harold G. Robinson, associate counsel.

The CHAIRMAN. The committee will come to order. Some of you are represented by attorneys. Will you tell us your names?

Mr. DAVIS. Yes, Senator. I am Mr. James Davis, an attorney. I represent Mr. Floyd Russell, who is appearing today in answer to your subpoena addressed to Corbetts, Inc. Mr. Russell is the owner of Corbetts, Inc.

The CHAIRMAN. James Davis, you are representing Mr. Russell?

Mr. DAVIS. Yes.

The CHAIRMAN. Which is Mr. Russell?

Mr. DAVIS. This is Mr. Russell here [indicating].

Senator TOBEY. What are Corbetts? Dealers in butter and eggs?

Mr. DAVIS. You will hear that, Senator.

Mr. HUBNER. My name is Conrad Hubner and I represent Louis Wolcher. Mr. Ralph Taylor, my associate, is also appearing for Mr. Wolcher.

The CHAIRMAN. Where is Mr. Wolcher?

Mr. HUBNER. Right here [indicating].

The CHAIRMAN. We do not want to inconvenience you attorneys any more than we have to. Will we be completely occupied this morning with public witnesses?

Mr. HALLEY. I think we would get to Mr. Wolcher this morning, certainly. I doubt if we would reach Mr. Russell this morning.

The CHAIRMAN. Mr. Davis, suppose you and Mr. Russell come back at quarter to 2. Mr. Hubner and Mr. Taylor, if you want to be here with your client in 1 hour, I think we can get to you this morning. There is a witness room outside, and if some emergency comes up that you want to change the schedule, get in touch with us.

Mr. HALLEY. Mr. Chairman, will you instruct the stenographer on the distribution of the minutes?

(The official reporter was thereupon instructed that no copies of these proceedings should go to any other party than the members of this committee and its general counsel without the written authorization of the chairman of the committee or its general counsel. The reporters have also been sworn.)

**TESTIMONY OF JOSEPH L. ALIOTO, ATTORNEY,  
SAN FRANCISCO, CALIF.**

The CHAIRMAN. Do you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ALIOTO. I do.

Mr. HALLEY. Your name is Joseph L. Alioto?

Mr. ALIOTO. That is correct.

Mr. HALLEY. You are an attorney at law?

Mr. ALIOTO. That is correct.

Mr. HALLEY. Where is your office?

Mr. ALIOTO. 111 Sutter Street, San Francisco.

Mr. HALLEY. Do you represent Mario Cambo Georgetti?

Mr. ALIOTO. I represent him in connection with a tax investigation that has been under way for approximately one year and a half.

Mr. HALLEY. The committee has a telegram from you which reads as follows, dated November 20, 1950:

Attempted unsuccessfully today to reach you by telephone to say in accordance with our conversation on Friday that Georgetti will be unable to be here this week. He had made all necessary arrangements to be here last Saturday morning and your hearing was postponed.

JOSEPH L. ALIOTO.

Mr. ALIOTO. Yes; that was sent to Mr. Robinson, I believe, with whom I spoke on the telephone.

Mr. HALLEY. Could you explain to the committee this: You as an officer of the court understand that a subpoena overrules all other commitments, do you not?

Mr. ALIOTO. Yes; I understand that, sir. When I spoke to Mr. Robinson I asked him specifically whether or not Mr. Georgetti was under compulsory process and he said no.

The CHAIRMAN. That is difficult to believe. You spoke to Mr. Harold Robinson?

Mr. ALIOTO. I spoke to Mr. Robinson in Los Angeles after I talked to Mr. Gubler in Las Vegas. I asked Mr. Robinson whether Mr. Georgetti was under compulsory process, subpoenaed to come to San Francisco, and he stated that he was not.

Mr. ROBINSON. As I recall the discussion about compulsory process, I said the committee wished to hear from Mr. Georgetti—

The CHAIRMAN. Mr. Robinson, what else?

Mr. ROBINSON. I told you that, to suit Mr. Georgetti's convenience, we were going to be in session 2 days here, and you were to get in touch with Mr. Georgetti and work out a definite time and place where he could appear. I said if he can't make it Tuesday morning, if he will appear Tuesday afternoon at 2 o'clock, that will serve the purpose of the committee. Is that what I said?

Mr. ALIOTO. Yes; you said if he could appear on a voluntary basis. I asked you that specifically, Mr. Robinson. I can give you exactly

what happened, if I may. I believe I talked with Mr. Robinson Friday morning, 11 o'clock. I tried to get you earlier at the Post Office Building in Los Angeles. I talked to you at 11 o'clock Friday morning. I think I told you at the time that Mr. Georgetti, through Mr. Gubler, his attorney in Las Vegas, had informed me he was subpoenaed to come to Las Vegas, that he came to Las Vegas, and was in attendance at the hearings, and that after the hearings you went up to Mr. Georgetti—when I say, "you" I mean Mr. Robinson—went up to Mr. Georgetti and asked him whether or not he would come to San Francisco. Mr. Gubler, who was standing there at the time, according to what he has told me, said that Mr. Georgetti replied, "If you force me to come to San Francisco, there is nothing I can do about it." Now, there was a question in my mind as to whether or not there was compulsory process out against Mr. Georgetti in view of the circumstances. It is for that reason I wanted to talk to you about it. I remember asking you specifically whether there was compulsory process against Mr. Georgetti. My recollection, and I am positive about it, is that you said no.

The CHAIRMAN. Mr. Alioto, in any event, the hearing of your client, Mr. Georgetti, in Las Vegas was postponed until the committee met here in San Francisco. He was directed by the committee to report under subpoena here. The chairman now directs you to advise your client that he is under compulsory process to report, either report or take the consequences.

Mr. ALIOTO. All right.

The CHAIRMAN. I would suggest 10 o'clock tomorrow morning.

Senator TOBEY. Where is Mr. Georgetti now?

Mr. ALIOTO. I have some telephone calls from him in Las Vegas. I have two numbers to call him in Las Vegas. I know nothing about Mr. Georgetti's Las Vegas enterprises. I do not represent him there. But I have two telephone calls and I will call him and advise him that the committee now tells me that he's under compulsory process.

Mr. HALLEY. He could certainly get to Los Angeles tonight and come up on the night train.

Mr. ALIOTO. I will try to reach him.

The CHAIRMAN. Tell him his transportation will be provided here. If he needs the funds to make the trip, we will see that he gets them.

Mr. ALIOTO. I will pass on the information to him.

Senator TOBEY. Will you let us know what he says?

Mr. ALIOTO. Yes; I will. I will call you just as soon as I am able to get in touch with him.

The CHAIRMAN. Thank you, sir.

**TESTIMONY OF EDMUND G. BROWN, DISTRICT ATTORNEY, SAN FRANCISCO, CALIF., ACCOMPANIED BY THOMAS C. LYNCH, CHIEF ASSISTANT DISTRICT ATTORNEY, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Do you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BROWN. I do.

Mr. LYNCH. I do.



Mr. HALLEY. Before proceeding with Mr. Brown's testimony, I would like to offer in evidence a memorandum prepared by Mr. Richard Hyer, of the San Francisco Chronicle, in response to a questionnaire sent by this committee to editors of papers throughout the country. Mr. Paul Smith, editor of the San Francisco Chronicle, assigned Mr. Richard Hyer, who is his crime reporter, to work on a memorandum of facts for the committee. Mr. Hyer worked on the assignment for 3 or 4 months and prepared a memorandum of about 30 pages, which appears to be a very carefully worked out, a very carefully considered study. I offer it in evidence as an exhibit.

The CHAIRMAN. It will be received as exhibit No. 17.

(The memorandum referred to was thereupon received in evidence and marked "Exhibit No. 17," and is on file with the committee.)

Mr. HALLEY. What is your full name, Mr. Brown?

Mr. BROWN. Edmund G. Brown.

Mr. HALLEY. You are now district attorney of San Francisco County?

Mr. BROWN. San Francisco is a city and a county, city and county of San Francisco. It is the only city and county in the State.

Mr. HALLEY. How long have you held that office?

Mr. BROWN. Seven years.

Mr. HALLEY. You have recently been elected attorney general of the State of California?

Mr. BROWN. I have.

Mr. HALLEY. And you will assume that office on January 1?

Mr. BROWN. I think it is January 8. I am not sure. The first Monday in January is a holiday.

Mr. HALLEY. Mr. Brown, are you now accompanied by your chief assistant, Mr. Lynch?

Mr. BROWN. I am; Mr. Thomas C. Lynch.

Mr. HALLEY. How long have you been a chief assistant, Mr. Lynch?

Mr. LYNCH. Six and a half years.

Mr. HALLEY. And it is my understanding that you will succeed Mr. Brown as district attorney?

Mr. LYNCH. That is also my understanding.

Mr. HALLEY. Mr. Brown, will you tell the committee the jurisdiction of your office, both geographically and in terms of subject matter?

Mr. BROWN. My office is a prosecuting office. My jurisdiction is over the city and county of San Francisco. I can't give you the exact geographic location of our city, but it is the city and county of San Francisco. The district attorney's office has 26 deputies. We have three investigators. We have seven or eight social workers and a secretarial staff. The district attorney's office in San Francisco has no police power whatsoever. We have one investigator that we use in misdemeanors, such as disturbing the peace, family quarrels, and things such as that, and then we have one that we assign to sex crimes, offenses against children, to supplement the work of the police department. And then we have a third deputy that works on fraud cases. None of these investigators are peace officers. In California the Penal Code designates certain individuals as peace officers and they have a right to make arrests over and above that of a private citizen. I think every other district attorney's office in the State deputizes their investigators, but in San Francisco we have never done that. They are



deputized by the sheriff as a special sheriff, which gives them police powers. Our office is primarily a prosecuting office. We depend upon the police department for all of our investigations, both misdemeanors and felonies, with the single exception of those three investigators that I have utilized in the way that I have suggested. We also, of course, present matters to the grand jury. We take care of all misdemeanors and all felonies committed within the city and county of San Francisco.

Is there any further elaboration that you want on that?

Mr. HALLEY. What is the function of the sheriff?

Mr. BROWN. The sheriff in San Francisco is purely a custodial officer and a civil officer. The sheriff of the city and county of San Francisco, by reason of it being a city and county, leaves all of the police work to the chief of police and the police department, and never in the history of San Francisco has the sheriff done any police work whatsoever. He takes care of the county jail and he serves civil processes, writs of attachment, writs of execution, and things such as that. I have never checked it, but I think he probably has the same constitutional power as other sheriffs, but in most cities and counties of the State of California the police department takes care of the police work within the city and the sheriff takes care of it in the county limits, but in San Francisco, by reason of it being a city and county, the sheriff has never done any police work whatsoever.

Mr. HALLEY. Have you both civil and criminal jurisdiction?

Mr. BROWN. No; I have only criminal jurisdiction. We have a certain amount of civil jurisdiction with respect to abatement of nuisances, and the use of abatement in connection with houses of prostitution and other public nuisances.

The CHAIRMAN. But you do not defend civil claims?

Mr. BROWN. The city attorney is the civil officer of the city and county of San Francisco.

Mr. HALLEY. How large a staff have you?

Mr. BROWN. I have 26 deputies. There are four police courts or municipal courts that try misdemeanors and hold preliminary hearings in misdemeanors and felonies.

We have a juvenile court where offenses against children, sex offenses against children, are taken care of. We have two deputies out there.

We have three superior courts trying superior court felony cases.

We also have a women's court, where the prostitutes are charged. It is a clinical court. It is a social court, ostensibly, and I think they are doing a good job generally.

And then we also have hearings. We have hearings in connection with misdemeanors. A great many people come in to complain about their neighbors. We do not issue criminal complaints; we try to settle them in the district attorney's office. In addition to that, in domestic relations, we have a bureau of domestic relations where we have three women, none of them lawyers, but in that office we handle nonsupport cases or offenses of husband against wife, and we try to keep the family together. We try to settle those cases outside of court. You would be surprised to know that we have almost 500 cases a month in that department. An amazing thing.

That is generally the jurisdiction of the district attorney's office.

I have tried ever since I have been district attorney to augment our staff with investigators so we could serve our own subpoenas and work

independently of the police department in certain cases, but I have never succeeded in getting that from the board of supervisors or from the mayor, so I have to depend in all our investigation upon the police department.

Mr. HALLEY. How large a jurisdiction have you? How many people?

Mr. BROWN. Approximately 800,000 population in San Francisco, but we also have a floating population that comes in from San Mateo County, Marin County, Alameda County, and Contra Costa County and work here, but the population of San Francisco I think is 762,000, according to the 1950 census.

Mr. HALLEY. Is your office adequately staffed?

Mr. BROWN. I think it is with the single exception that I do believe there are cases where we must work independently of the police department. We must carry on our own investigation in our own cases. But outside of that I do believe it is adequately staffed.

Mr. HALLEY. In many other cities the committee has found a list of unsolved gang-type murders. Do you have that problem here?

Mr. BROWN. The only one I can think of, of course, is the Nick deJohn case, where this man was garroted and placed in the trunk of an automobile. Besides that I do not think there is any unsolved gang-type murder in San Francisco. There have been cases, not during my administration, in the past 7 years where people have been taken down the peninsula and killed, where probably San Francisco might have been the place of origin of the crime itself. But during the past 7 years in San Francisco, aside from the Nick deJohn case, I do not believe there have been any gangster killings. Recently in the papers—it was while I was campaigning—I am not too familiar with the case; Mr. Lynch probably could elaborate on the details of it—two Negro narcotic peddlers were killed by a narcotic addict. The papers carried that as a gangster killing. I do not think it would come in that category. These two people were narcotic peddlers and they were killed by a narcotic addict, and as I understand a gang killing would be something growing out of a quarrel between illicit racketeers or operators.

Mr. HALLEY. Mr. Brown, will you tell the committee what you mean about the organized crime situation here in San Francisco, and also give such attention as you see fit to the problems created by the fact that some organizations of gangsters operate across county lines and across State lines, complicating the problem of apprehending them?

Mr. BROWN. In preparation for coming here—I did not know exactly what you would ask me, but I tried on the train coming up this morning to put my thoughts down. Of course, the rackets will grow out of, No. 1, gambling; No. 2, prostitution; No. 3, narcotics; No. 4, abortions; No. 5, probably extortion upon legitimate business. I believe that embraces all the sources of rackets or racketeers.

I do not believe that there is in San Francisco any organized crime. There unquestionably is gambling. There must be prostitution. Narcotics are a real problem. I do believe we have cleaned up the abortion situation in our city, and I know of no extortion upon legitimate business in our city. I have had no reports whatsoever.

I might say that all my information with respect to gambling is gained from one undercover agent that I employ under a secret fund that I have. Other than that I must rely upon newspaper reports that

I get from citizens advising me, which reports I pass on to the police department. In the event that they do not act, I have been compelled, very frankly, to use the power of public opinion in most of those cases, and oftentimes I suppose I have been considered rather a publicity seeker, but it is the only way I have been able to accomplish the results without the investigators.

In San Francisco, when I took over 7 years ago, they prosecuted bookmaking as a misdemeanor under a San Francisco ordinance. I changed that and prosecuted them for felonies. I think that the bookies, if they are operating, are operating covertly and under cover. Unquestionably there are telephone bookies. But I couldn't tell you where they are at the present moment. I can't tell you where they existed. They are probably at cigar stores; bars and taverns have them also.

With respect to prostitution, I do not believe that there are any houses of prostitution unless they are in the Negro district. Probably there are houses of prostitution in the Negro district, but I know of no addresses at the present time. I believe the police department has done a very, very sound job in connection with prostitution.

In connection with narcotics, last year we had three young men die from overdoses of narcotics, and I do believe the problem of narcotics in our city is a major one. I do believe that the State narcotic division has been trying to do a good job. The Federal Narcotic Division under George White has done a splendid job. But we have the problem in San Francisco of ships coming in from the Orient, where they purchase narcotics very cheaply, and they can then break down that narcotic and sell it at a great price, and it does pose a terrific problem in San Francisco. We have tried to arrest addicts here. We have a vagrancy statute under which we have tried to arrest them. We have been somewhat successful, but we have had great difficulty in getting convictions in those cases because it is difficult to prove a person is what we call a vag addict.

Concerning abortions: When I took over there were four or five large abortion places: Mrs. Burns, Dr. Caldwell, and three or four others. We prosecuted them and sent them all to jail.

In connection with the other rackets there was some testimony during the DeJohn case that these Sicilians that were accused of the crime of murder in that case were involved with their fellow Sicilians, but evidence has never been produced to me that would give me sufficient evidence to either conduct an investigation or prosecute a case.

Mr. HALLEY. Have you had any Mafia types of murders?

Mr. BROWN. Just let me outline that case very briefly, and I would like to have Mr. Lynch supplement me on that because he prosecuted the case and I have not had an opportunity to review the file. We turned the file over to Mr. Robinson. I have not had a chance to see it in 3 or 4 years.

DeJohn originally came west from Chicago. In Chicago he was reputed to be a bookie. Mr. Lynch and I went back there. He was supposed to have 10 or 12 bookies under his jurisdiction. He took the name of Rossi and lived in Alameda County for a short while, and then he purchased a home for himself and his family in Santa Rosa County and lived there under the name of Rossi. He sent his



children to school in Santa Rosa, a community about 50 miles north of San Francisco. He was found dead in an automobile on May 7. He was found in the back of an automobile with a wire—we were never able to find the rope or wire that killed him—that was taken off. But he was garrotted, choked to death, died of asphyxiation. We made an investigation and we traced his last movements, and the last man he was with was a man named Calamia, who came from Chicago and was working here. He served a year for possession of narcotics. Calamia was taken to our office after we discovered he was the last one with Mr. DeJohn.

The CHAIRMAN. How long before he died?

Mr. BROWN. He was with him at least 9 or 10 hours before his death. The body was discovered the next day at 12 or 3 o'clock in the afternoon. I think you had better have Mr. Lynch give you the facts of the case, because he is more familiar with it than I am. He has read the record in the case.

Mr. LYNCH. Picking up where Mr. Brown left off, the body of DeJohn was found in the back of a rather luxurious Chrysler automobile—

Senator WILEY. His own car?

Mr. LYNCH. His own car. It was found on Lombard Street, which is in a respectable neighborhood. It had been there for 2 days. He obviously was killed on the 7th of May. The body was found on the 9th of May. A preliminary investigation revealed the fact that this apparently was the operation of some enterprise of gangsters. We did not know who Nick DeJohn was. We never heard of him here. He apparently had not been operating in San Francisco. A very intensive investigation by the police department turned up a large number of people who were intimately associated with DeJohn and developed this fact, among others, that on the last day that he was known to be alive, he toured San Francisco in company with Leonard Calamia. Leonard Calamia is a well-known police character, and Colonel White could fill you in on him. He comes out of the Chicago area. He has been known as an aide to gangsters rather than a top-flight gangster himself. He is reputed to have been mixed up in the killing of Caramussa in Chicago.

Mr. HALLEY. He came out of Kansas City.

Mr. LYNCH. Mr. Ahearn will be here and give you the intimate details of that. It also developed he was with a large number of characters on that day in a bar known as LaRocca's Tavern on Columbus Avenue, which obviously, because it has been known to the Federal Bureau of Investigation, and to some extent to the police department, as a rendezvous for the Mafia. Among the people who were associated with him in his travels around this part of the county, and were particularly with him on this day were Leonard Calamia, who apparently brought him to the rendezvous at LaRocca's Corners on the evening he was killed. There were also present one Sebastian Nani, visitor, a gangster out of Brooklyn, and a man who was at least known as a narcotics peddler, if he had not been convicted of it; and another man present at that time was Ciro Gallo.

Mr. BROWN. I think these people all denied they were there, did they not?

Mr. LYNCH. Yes; Calamia put them there.



Mr. HALLEY. Where is Calamia?

Mr. LYNCH. I do not know. He left this part of the country and apparently is around the Chicago area.

Mr. HALLEY. I do not understand how Caramussa gets in this area.

Mr. LYNCH. He was not. I am referring to the——

Mr. HALLEY. DeJohn?

Mr. LYNCH. No, our background investigation of Calamia. Mr. Brown and myself investigated in Chicago, speaking to FBI agents and others interested in our investigation, due to the fact that previous to his coming out here, he had been mixed up in the Caramussa killing. That was prior to the deJohn killing. There were also some other characters whom I knew from my former experience with the Justice Department. I was up in this office for 10 years. There was a Frank Scapatura, a well-known hoodlum. I had convicted him, I think, of counterfeiting. There was also a man named Lima, which opens another avenue. Lima, in my book, is a notorious member of the Mafia. He is related to the Lima who lives in Lodi, Calif., and that connects in with the work of Tony Buffa in Lodi. I believe Mr. Robinson is familiar with that. But the investigation of the deJohn killing pointed up the obvious fact that all these people were associated together. I am yet to find one of them who had a legitimate source of employment or income. They all had fronts. One had a fish market down the peninsula, and things like that. No steady employment. They all had criminal records or criminal background. In my opinion they were members of an organized group, in what I would classify as the Mafia. They obviously came into California, and, I might say, practically sneaked in this area because they were not too well known to us.

Mr. HALLEY. In this area where you have a large Italian population have you succeeded in developing any witnesses who are members of the Mafia and are willing to talk?

Mr. LYNCH. No, I do not think they have done that anywhere, not a word.

Mr. HALLEY. I was wondering if they had done so here. It is very difficult, I know, if not impossible.

Mr. BROWN. If I may interrupt in response to your question, the night Calamia told us who were present in LaRocca's Corners with deJohn before the killing, he made us promise that we would never use his testimony if he told us, because he said whatever he told us about this situation it wouldn't make any difference whether they gassed him in the gas chamber, because they would kill him. It may take years, but they would get him in this matter. And in my opinion it was real fright. It was not feigned fright or anything like that. When he finally told us, it was after a great deal of persuasion. I might say legitimate persuasion. There was no force used on him or anything like that, but there was an effort to find out, and we pinned him down to where he was, and he had to tell us.

Mr. HALLEY. That was Calamia who did the talking?

Mr. BROWN. Calamia did the talking and described where they were all seated.

The CHAIRMAN. What is the name of the place?

Mr. BROWN. LaRocca's, L-a-R-o-c-c-a-'s Corners, and these people are Sicilians, every one of them.

The CHAIRMAN. That is in San Francisco?

Mr. BROWN. That is in San Francisco.

The CHAIRMAN. In that connection, what is the situation about your telling us concerning it?

Mr. BROWN. Pardon me?

The CHAIRMAN. Did you tell him that you would not tell anybody about it?

Mr. BROWN. Yes, we did, but circumstances developed later where we found it necessary to do it after we found out that there was evidence he committed that murder, and we did utilize his testimony in the trial of that case. We found it necessary to do it and we did utilize it.

The CHAIRMAN. Was he charged with murder?

Mr. BROWN. He was charged with murder himself, on the testimony of a woman who claimed to have overheard a conversation, and who later in my opinion turned out to be a perjurer during the trial of the case.

The CHAIRMAN. What happened in the trial?

Mr. BROWN. The jury was out for a period of 28 hours, when I walked before the court and told the judge, after the jury was out for 28 hours, I would ask that the jury be dismissed because I disbelieved the principal witness, the witness upon whom we had to rely. Calamia, of course, did not testify in the case. We had to rely upon this woman, whom I believe was proven a perjurer in the trial of the case. The police department disagreed with me. They felt she was telling the truth. But Mr. Lynch, who tried the case, myself and Judge Devine felt that she was not telling the truth.

The CHAIRMAN. I do not know whether these things ever amount to anything, but a letter came in this morning to the Senate committee reading as follows:

Re deJohn case. John and Walt Sabrato at 50 Osgood Place, San Francisco, might have inform on these case.

It is just signed "A citizen."

Mr. LYNCH. I have added a footnote to that: "That is DeJohn's rendezvous."

Mr. BROWN. I did not mean to interrupt, but I wanted to fill in on a question of this Mafia situation. I did feel that Calamia was legitimately frightened and gave evidence of at least a loose organization when he put all these people together here in San Francisco on that night. I might say that in LaRocca's Corners there were other people who were in that bar that night, but we have never been able to get anyone else to put any of these other people in LaRocca's Corners that night, other than Calamia himself and a man who was with him. Both LaRocca's bartenders claim none of those people were there that night with the exception of Calamia and Tornabene. I would rather have Mr. Lynch fill in that. I did want to interrupt on that one factor.

The CHAIRMAN. We do not want to go into too much detail about the case.

Mr. LYNCH. That case illustrated at least to us in this area how this particular underworld group, loosely called the Mafia, do operate in various parts of the country. There is no question in my mind they had been established in some type of racket, and probably con-

nected with the sale of olive oil, and also engaged in terrorizing some of the Italian merchants, not so much in this area—that is, we have a restricted area here, 6 by 8 miles, but being a metropolitan area, a county line is only an imaginary thing. You can have your headquarters in San Francisco and carry out any actual criminal enterprise 8 miles away in another county. There is no question but what they were terrorizing some of the merchants in places like Lodi, Fruitvale, Emeryville, and other places where people have their places of business.

Mr. HALLEY. Blackmailing them, do you mean?

Mr. LYNCH. Yes, sir.

Mr. BROWN. But in frankness we have never been able to get anybody to sustain that. As a matter of fact, Mr. Lynch and myself supplemented the work of the police department by going to every known or unknown racketeer we could think of in San Francisco to try to find out whether deJohn, the man who was murdered, or any of these Italians had ever tried to muscle in on bookies, gambling, prostitution, or narcotics, and so far as we know, we have never been able to produce anything of that kind or nature, and it is my opinion that the murder of deJohn grew out of nothing local. I think it was something growing out of the Chicago bookies of some kind, nature, or description. That is my opinion.

Senator TOBEY. In these abortion cases, assuming I performed an operation on a woman who later died of hemorrhage or septicemia, would that make me guilty of murder?

Mr. BROWN. It would.

Mr. LYNCH. Second-degree murder.

Mr. BROWN. We have three degrees of murder: First-degree murder, second-degree murder; and then we have manslaughter in California.

Senator TOBEY. The second-degree murder sentence is about what?

Mr. BROWN. Five years to life. We have an indeterminate sentence law. Sentences are fixed by the board of prison terms and paroles. The judges do not fix the term.

The CHAIRMAN. Is it the tendency of this board to lighten the sentences?

Mr. BROWN. I believe——

Mr. LYNCH. I would say so. My experience in the Federal court, where there are straight sentences, under some severe judges, pointed out to me that sentences where the judge was actually imposing a penalty are apt to be a little more severe.

Mr. BROWN. Sentences run anywhere from 3 years to life, though.

Mr. HALLEY. Do you know whether after the abortion business was closed down in San Francisco it began to flourish in Los Angeles?

Mr. LYNCH. I do. It very definitely did.

Mr. HALLEY. Can you give us the details?

Mr. LYNCH. We had operating in San Francisco probably one of the most flourishing abortion rackets in the United States. I have been somewhat familiar with it through work for the Government. It brought in an income of maybe \$150,000 to \$200,000 a year. This particular establishment, the center of it, was doing 20 abortions a day as a minimum day in and day out, and probably on Saturdays, too. We closed that up by prosecution. It was rather difficult, I might add. It immediately became apparent to us, to our homicide



bureau here, who always works industriously with us on this thing, that the abortions were being done in Reno, Nev., and in Los Angeles. It was developed by the crime commission report—Mr. Robinson, I think, is very familiar with it—that there was practically put together a system of funneling all abortees into the Los Angeles area. We became alarmed about it ourselves and probably had something to do with touching off the situation that arose in Los Angeles where they were able to establish that they were picking up the girls by almost regularly established airplane service. It is a very complicated thing, and we did manage to find out how it was operating in San Francisco.

Mr. HALLEY. Were you able to tie that in with Joe Seco, a man who is under indictment?

Mr. LYNCH. I am not, Mr. Halley, but Mr. Ahern may be able to do it for you, because that got into the investigator field, and we do not work too much in that until we have an actual case.

Mr. HALLEY. For the record, Mr. Robinson, would you summarize the crime commission's findings on the flying service which tied in with Joe Sica?

Mr. ROBINSON. In the operating of the Southwest Hospital in Los Angeles they were able to find an opportunity to put a policewoman in there, who assisted on some of the work that was done, and one of the patients was flown down from Fresno through an independent airplane known as the Massey Flying Service. As you recall the testimony in Los Angeles, Abraham Davidian, a most important witness in a narcotics case, was murdered in Fresno. In connection with checking airline arrivals and departures from the Fresno Airport, additional information was tied in with the operation of the Southwest Hospital abortion mill. Frank Massey, who operates that airline, flying these women to the Southwest Hospital, is also tied in through Joe Cannon of the Plantation Club in Fresno, in which club Joe Sica and Mickey Cohen have always been very prominently identified. It is a tenuous connection there, but it is all the same group.

Mr. LYNCH. I think this also could be said, Robby: in the investigation of that particular abortion set-up it became apparent that this was not an amateur abortion operation. It was a professional and highly organized operation, practically funneling all abortion cases into the southern area.

Senator TOBEY. Were legitimate doctors at the head of it?

Mr. LYNCH. I would say illegitimate.

Senator TOBEY. I mean doctors.

Mr. LYNCH. They were doctors. I would say they were licensed. There was one refugee doctor.

Senator TOBEY. A chiropractor?

Mr. LYNCH. We find very few legitimate doctors.

Senator TOBEY. What do they take? About a 3-months' pregnancy?

Mr. LYNCH. They take anything.

Mr. HALLEY. The fee depends on the length of the pregnancy.

Mr. LYNCH. Until the Inez Burns case we prosecuted very few. We would find a girl occasionally in a hotel dead here in San Francisco prior to 1945, when she was prosecuted, but then there was another legitimate doctor by the name of Dr. Caldwell who was doing business and engaging in this type of practice. His nurses testified he



was drunk every afternoon when he was performing these abortions. We did have a death in that case. That is what precipitated the trial of Dr. Caldwell in that case. A young mother was killed, and as a result of that he was prosecuted for murder, but he was acquitted in the case. But that brings up something. In San Francisco, as we prosecute here, as we press down on this practice, it moves out throughout the State of California to various places and even across the State line. I know when we prosecuted for a short time, at any rate, they were going down to Tia Juana for abortions. Mr. Lynch and I in our abortion prosecutions became acquainted with an abortionist who had spent time in San Quentin and became an informer, and he told us they were bringing women to him in the hospital at Tia Juana. Somebody else was sending them to Reno, not only from San Francisco, but from the entire area here. He was recently convicted. Dr. R. L. Rankin was recently convicted in Los Angeles of committing abortions. He did not do it very often, but on one or two occasions he informed us of the abortions that would take place in San Francisco. He became an informer for us in the situation.

Mr. HALLEY. Under California law is abortion legal under certain circumstances?

Mr. BROWN. There is such a thing as therapeutic abortion in the event it is necessary to preserve the life of a woman. If the doctor feels it is necessary, they can perform an abortion. They usually protect themselves by having two doctors certify to the need of the therapeutic abortion.

Mr. HALLEY. I was wondering whether in the case of a therapeutic legal abortion you have any statistics showing whether you do have deaths in such cases.

Mr. BROWN. I do not believe we have any statistics. I think there are a few. You see, all the abortion cases go to the homicide bureau and we only get them in the event there is a criminal prosecution. If a therapeutic abortion did result in death, we would not know anything about it in the district attorney's office. The only time we would see it is in the event the police would ask us to prosecute for an illegal operation.

Mr. ROBINSON. Mr. Brown, I think the committee probably would be interested in the audacity of some of these individuals. If I recall correctly, in your conversations with Mr. Rankin, he was in favor of vigorous prosecution of abortionists in the San Francisco and Los Angeles areas because it made more business for him in Tia Juana, is that correct?

Mr. BROWN. That is what he told us. That was a rather informal conversation. I think he came into my office one day. I, of course, was trying to use this man if anything arose in San Francisco, so we could utilize his testimony. At that time—I don't remember whether he told us he was moving into Tia Juana—I think he did. I think he was very bold about it, because he did not have an operation in San Francisco, and he did not have to worry us about it at all. He also advised us that there was corruption in connection with the commission of abortions, but he was very vague about it.

Senator TOBEY. May I ask this?

Mr. BROWN. And he promised to give us further information but never furnished it.

Senator TOBEY. What are the fees they charge in these cases?

Mr. BROWN. You want to remember Inez Burns operated here for a year. I was elected district attorney in 1944. It was wartime, and there were a great many women whose husbands were overseas and things like that, and they got a minimum of \$200 and as high as, I understand, \$2,000. When we raided her place she had \$300,000 in her safe and some \$300,000 in the attic upstairs.

Mr. LYNCH. No; she had \$285,000 cash in her safe.

Senator TOBEY. On the premises?

Mr. LYNCH. Not on the premises where the abortions were committed but in her home. When we went to raid the abortion parlor, the place was as clean as a whistle. Somebody had tipped them off. We had been furnished with information as to where she would go. We went to her home and in her home we found her books and records and found all this money, and out of the books and records we built our case.

Senator TOBEY. Was she entitled to keep that money?

Mr. LYNCH. Yes. Under the law she is entitled to keep it.

Senator TOBEY. Money made illegally can be kept?

Mr. LYNCH. Unless you can tie it up with a definite and immediate operation, she is entitled to keep it. We had that tested in our courts here. There was an abortion parlor where they found a large sum of money. The district attorney tried to hang on it, but he had to return it because he could not connect it with a particular abortion.

I would like to amplify this finding of the money. It may be of interest to the committee and may tie in with some other things you have been talking about. I had information that she had a large sum of money and compelled her to open her safe where it was kept. There was \$285,000 cash in the safe. I have her sworn statement.

Mr. HALLEY. That is Inez Burns?

Mr. LYNCH. Yes; Inez Burns—\$5 and \$10 bills.

Mr. HALLEY. Was this in a safe deposit box?

Mr. LYNCH. No; in a safe in the closet of her bedroom.

Mr. HALLEY. In her home?

Mr. LYNCH. In her home.

Mr. HALLEY. Where is that located?

Mr. LYNCH. Guerrero Street.

Senator TOBEY. Was she a hard character to look at?

Mr. LYNCH. Hard as nails. In addition to that—Mr. Brown has this a little bit off—there wasn't other money in the attic, but there was ample evidence to indicate there had been a large sum of money in the attic. We found numerous compilations of sums of money in scraps of paper which indicated that she had had in her possession over \$700,000 in cash, and that it hadn't been in the attic. There was a notation of a certain sum in the attic. I stated that is fairly reliable because in these compilations there would be listed the \$285,000 in the safe as one of these items in addition, which would lead me to the conclusion that she had at least several hundred thousand dollars.

Senator TOBEY. Did she have any trained nurses?

Mr. BROWN. No trained nurses.

Senator TOBEY. How long did the patient stay?

Mr. BROWN. Two, three or four hours, and then they moved in. She had connections with reputable doctors. In case of complications

she would call them. If there were any complications whatsoever she told them, "Let me know immediately," and in several cases we were able to prove they went to a good hospital and were treated by good doctors and she paid all the bills.

Senator TOBEY. Did the doctors let you know about that?

Mr. BROWN. We found out about it.

Senator TOBEY. Aren't they accessories after the fact then?

Mr. BROWN. Well, they might have been technically, but it would involve the proof that they knew an illegal operation had taken place, which was impossible for us to prove. It might have taken place due to a self-induced abortion or a great many other things. But, of course, their first task was to preserve the life of the woman. We wanted to use her testimony and get the abortionist rather than threaten them with a prosecution, and we did not prosecute any of those doctors. I might add they were all very reputable physicians. There were only two or three. They were well regarded.

Mr. HALLEY. Did you report that several hundred thousand dollars in connection with the Inez Burns case to the Bureau of Internal Revenue?

Mr. BROWN. Yes; we did. We turned over our books.

Mr. HALLEY. Was she prosecuted?

Mr. LYNCH. Not to my knowledge. I prosecuted when I was with the Justice Department. That was a different time.

Senator TOBEY. Is she still incarcerated?

Mr. LYNCH. She just got out.

Senator TOBEY. How much time did she get?

Mr. LYNCH. She received a term of 2 to 5 years, the statutory term, and I believe she served 2½ years.

Mr. HALLEY. Was that for the income-tax matter?

Mr. LYNCH. No; that was abortion.

Mr. HALLEY. I thought you said you did prosecute her.

Mr. LYNCH. When I was with the United States attorney's office I had a tax case against her in which she paid a substantial tax.

Mr. HALLEY. She did not go to jail?

Mr. LYNCH. She did not go to jail.

Mr. HALLEY. Then she went to jail on the abortion racket?

Mr. LYNCH. I prosecuted her for abortion and she went to jail on that.

Mr. HALLEY. When did you find the money?

Mr. LYNCH. The day she was arrested.

Mr. HALLEY. What year?

Mr. LYNCH. 1945, in August.

Mr. HALLEY. And you reported that at the time to the Bureau of Internal Revenue?

Mr. LYNCH. Let me put it this way, counsel. I had many conferences with members of the Bureau of Internal Revenue in which I turned over to them all the books and papers which we had seized, and within the limits of my capabilities I tried to point out where there had been substantial income-tax violations.

Senator TOBEY. In Los Angeles we discovered—I think I am correct in this—on an income-tax fraud where the Department found a criminal had been receiving money illegally, they were not allowed to make that known to the authorities, is that correct?



Mr. BROWN. That is correct, Senator. But the shoe is on the other foot here.

Senator TOBEY. Is that correct? If, under the income-tax regulations, a criminal's return indicates the nature of his activities, they cannot notify the district attorney's office?

Mr. BROWN. That is my understanding.

Senator TOBEY. Is it yours, Mr. Robinson?

Mr. ROBINSON. That is correct.

Senator TOBEY. My fellow Senators here, is it conceivable we should let that go without rectifying it, the internal-revenue laws, at this session?

The CHAIRMAN. We have had this question before us. We will have to do something about it. I thought there was an amendment requiring the giving to the district attorney concrete violations.

Mr. LYNCH. It is available to the United States attorney.

The CHAIRMAN. What could you do with the information if you got it?

Mr. LYNCH. As district attorney?

The CHAIRMAN. Yes.

Mr. LYNCH. I could use it in many ways. I could use it to show the type of business a person was engaged in, to show at least that they had a substantial income, and it will also show who their associates are.

Senator TOBEY. Wouldn't you have prima facie evidence of guilt by the return itself?

Mr. LYNCH. I have seen Government returns, Senator, and they usually list their business as personal service. Apparently they are not called to strict accounting as to the exact nature of their business.

The CHAIRMAN. I think it is true under the general law, except by order of the President, the Internal Revenue Department cannot turn its files over to any one except their own Criminal Division for prosecution of violations.

Mr. HALLEY. I might state at this point that the policy appears to be—policy I think is not too important—but at the time the income-tax law was passed, there was a feeling that the rights of citizens and their right to privacy was being invaded by requiring them to state their income at all.

Senator TOBEY. Perhaps that consideration is now behind us. We are well beyond that. The other consideration that I believe the committee may want to keep in mind is the Treasury will undoubtedly maintain vigorously, and with a great deal of merit, that they can get evidence from people who are willing to pay their taxes and pay the penalties, providing these people do not fear, in addition to whatever penalties they must pay Uncle Sam, that they are also liable to be prosecuted for many things under various State laws, and they feel that if they did not have that safeguard, they would be unable to enforce the tax laws of the United States for the benefit of the United States as contrasted to the States. I simply state the consideration for that further thought.

I am asking Mr. Lynch now, shouldn't the law be amended to prohibit the allowance of expenses for illegal operations?

Mr. LYNCH. I think it should.

Senator TOBEY. Are we plain damn fools in this country to allow things like that to go on?



Mr. LYNCH. I do not want to make a statement that may be inaccurate. I would like to have this off the record.

(Statement off the record.)

Senator TOBEY. That was protection money?

Mr. LYNCH. They didn't put it to me that way. They said it was money paid out. They said incidental to the performance of an abortion and the collection of a fee, that fee had to be disbursed.

Senator TOBEY. When you press them—

Mr. LYNCH. They didn't give it to me.

Mr. BROWN. That would not be deductible from the income tax, any money paid that way. But I think you are referring to employees. Say Inez Burns, the abortionist, had 10 employees. She would be entitled to deduct the salaries of those employees, all those aiders and abettors in the performance of that crime, under the present law. I believe the revenue statute should be amended so there could be no deductions of any kind from anybody engaged in illicit business.

Senator TOBEY. Haven't you the power under the law to determine what those deductions should be? Aren't they subject to penalty for taking illegal expenses?

Mr. LYNCH. We have no power over them at all.

Mr. BROWN. In California we also have a State income tax, but I do not believe there has ever been a prosecution in the State of California. At any rate, there has never been in San Francisco, for violation of the State income-tax law. It is one of those things we have not utilized.

Mr. HALLEY. Violation of the State income-tax law is a misdemeanor as it now stands.

Mr. BROWN. It has only been since your Senate committee has been here that the thought has occurred to me to try to utilize the franchise tax.

The CHAIRMAN. Why? Don't they violate the State income-tax law?

Mr. BROWN. They do, but it would have to be referred to me as the San Francisco district attorney, and there has never been a reference to me. I am not in a position to speculate on those things and, of course, the Federal income tax is so much greater, and other investigators are so much more proficient, we have always turned over our information to the Federal income-tax people and awaited their action on this matter.

Mr. HALLEY. As attorney general, you will be able to do more.

Mr. BROWN. As attorney general I think, since we have a new franchise tax commissioner, there is an opportunity to utilize the State income tax for some of the purposes that have been suggested.

The CHAIRMAN. Do you have one commissioner for the whole State?

Mr. BROWN. One commissioner for the whole State, that is right, and it has been a sloppy administration, I might add. They just removed the franchise tax commissioner last year.

Mr. HALLEY. Mr. Brown, you mentioned \$285,000 found in the safe with an indication of more than \$700,000. Can you tell the committee in your opinion was there an income-tax case that should be prosecuted?

Mr. BROWN. I will tell you what happened. I was interviewed on several occasions by a number of members of the Internal Revenue

staff, and by one gentleman in particular, for whom I have a very high regard, and I believe the gentleman will appear here, Mr. Burkitt. In my opinion Mr. Burkitt worked very hard and conscientiously with the information I furnished to him, of course at his request, but also in my opinion there was substantial evidence of a large income-tax violation by Mrs. Burns. I have had enough experience here that I could set it up by myself in a short period of time.

Mr. HALLEY. What did the Internal Revenue people do about it?

Mr. BROWN. Senator, after they obtained information from us, I do not know what they did about it. You are going to have Mr. Burkitt before you.

Senator TOBEY. Who is the man over Burkitt?

Mr. BROWN. Mr. James Smythe is the collector.

Senator TOBEY. I would like to have Smythe. I have some questions to ask him.

The CHAIRMAN. I think we ought to get him.

Mr. BROWN. I do not think Smythe would know about it. He is merely the collector.

Senator TOBEY. Who is the man we should have?

Mr. BROWN. The man who would know about it would be the man Mr. Burkitt recommended for prosecution, whoever that might be.

Mr. LYNCH. Either Al or Fred Lowrey.

The CHAIRMAN. Mr. Davies is head of intelligence. He succeeded Mr. Reid.

Mr. BROWN. This was under Ralph Reid's jurisdiction probably. Mr. Burkitt said he recommended prosecution in two or three of these cases, and we felt the great cost of the trial would be to some extent paid back by the recovery of penalties and taxes in these cases. What happened we do not know.

Mr. HALLEY. Do you know whether Inez Burns bought any stock in this copper company?

Mr. LYNCH. I never heard of it either directly or by hearsay.

The CHAIRMAN. When was her case up?

Mr. LYNCH. We prosecuted her through 1945 and 1946. It took us three trials to secure a conviction.

The CHAIRMAN. What happened to her?

Mr. BROWN. She got out of Tehachapi 2 or 3 weeks ago.

Senator TOBEY. Is she under surveillance at the present time?

Mr. BROWN. She is on parole. She has 2 or 3 years to do under parole. She is available. But we turned over documentary evidence in connection with tax fraud. There was not only seizure of money but physical evidence of the concealment in that case.

Mr. HALLEY. Do you have anything further that you were going to read from your notes?

Mr. BROWN. No. In San Francisco—I want you to fully understand my function. The thing I tried to do as district attorney was not to be a policeman. I am not constituted to do the police work of San Francisco. But I have tried to remove sources of corruption. We pulled the wire services in San Francisco. We obtained an almost 100-percent conviction in bookie cases. We have sent them to San Quentin. And I want to add this: As the Senator said, there is a real job of building up public opinion. There is a tolerance for gambling that exists, I think, in California, and I do believe that

we have a public-relations job to do so that people will back up public officers. I have to wait in most cases for an incident like in the Inez Burns case. We had a woman that was brought up. In the "Bones" Remmer case I believe some war veteran brought the matter to our attention. Then I could move to use those statutes in those cases. But in the Remmer case I was unable to get a conviction after two trials. We classify the playing of draw poker a violation of a San Francisco city ordinance, but it had never been used in 25 years in our city. Draw poker in California is legal. The thing I would like to emphasize for the committee, in addition to whatever laws you pass, you are performing a great function in backing up law-enforcement officials by showing the tremendous profits resulting from these things and how it influences all government after they make those profits.

MR. HALLEY. Mr. Brown, it is my understanding that in San Francisco practically every bar is permitted, as a sort of custom, to maintain a small dice game.

MR. BROWN. No; not the bars; cigar stores. In San Francisco from time immemorial they have played a game of "26" over the table. It is permitted under a city ordinance, as long as it is not done in public. Leases are made on it. Cigar stores have been operating that way. But in the bars, to my knowledge, there are no dice games in the bars of San Francisco.

MR. HALLEY. I might be able to tell you about a couple of bars.

MR. BROWN. There may be.

MR. HALLEY. Aren't people trying to prosecute gamblers in a difficult position when this dice game is permitted to be played openly and freely?

MR. BROWN. Let me say this: I have never received any complaints about it at all. There has been no public demand against it. It probably constitutes a lottery under the State laws of the State of California, but I have never tested it. I will be perfectly frank.

MR. HALLEY. Does anybody collect on it? Is there any evidence of graft?

MR. BROWN. There is no evidence that I have ever been able to find of any pay-offs whatsoever in that connection.

MR. HALLEY. No syndication by gangsters?

MR. BROWN. No syndication by gangsters. Paul Cohen, whom I sent to prison for booking, had 12 or 13 cigar stores, and in every one of his cigar stores he had these games, as almost every other cigar store has.

THE CHAIRMAN. Let me ask you, Do they just play to see if they pay double or nothing?

MR. BROWN. They play for merchandise. They charge 25 cents. They play for 26. If they get 26, they get a dollar's worth of merchandise.

MR. HALLEY. We know of instances where they pay off in cash.

MR. BROWN. They probably pay off in cash. I understand instead of paying a dollar in merchandise, they sometimes give them 75 cents in cash.

THE CHAIRMAN. But they play for big amounts?

MR. BROWN. I think so. They play other games that are illegal. They play poker dice. The cigar merchant will play with a customer



across the table poker dice in those games. But, of course, it is a difficult thing to prosecute because you actually have to see it. There is a city ordinance in San Francisco which permits "26." Whether or not it is constitutional I am not prepared to say. Do any other cities permit "26," do you know?

Mr. ROBINSON. Not that I know of.

Mr. BROWN. It is a situation, very frankly, that I have not prosecuted as the district attorney.

Mr. HALLEY. First of all, any merchant allowed to play "26" obviously can play poker dice.

Mr. BROWN. That is right. You would have to keep a policeman there.

Mr. HALLEY. To see what game they are actually playing.

Mr. BROWN. That is right. We have a pinball ordinance. I understand they pay over the counter on pinballs. There isn't any slot where they get anything back or anything like that. But I understand they pay off 5 cents if they make a certain score. I am not prepared to say exactly what that is. As district attorney I have left it to the police department to handle that situation in the absence of corruption. If I have any evidence of police payoff, I move into a situation, even if I have to use the conspiracy statutes and the grand jury to go after people for those situations.

Mr. HALLEY. You would not doubt that the information you have is accurate, that it is done in some bars and that it is done for cash rather than merchandise?

Mr. BROWN. I have heard of one or two places where they have been doing that in San Francisco, and I have called it to the attention of the police department, and I understand they have shut them up. Whether or not they have continued or not I do not know. With one undercover man I am not in a position to check all the illicit activities in San Francisco.

Mr. HALLEY. It's your position that this city has never attracted syndicated gangsters?

Mr. BROWN. It is my position it has never attracted syndicated gangsters. There have been situations, whether or not they exist today, where they have these football pools. I think those probably have been brought in by outside agencies into the same cigar stores, but the dice games I am positive are not syndicated gambling. There are hundreds of little cigar stores in San Francisco that have these dice games, but I have never had any evidence of syndication. Have you, Tom?

Mr. LYNCH. No. There have been at times some rumor that there is a possibility that they are trying to move in on them, but the majority of them are individual operations.

Mr. HALLEY. In connection with the abortion racket have you any evidence that that has involved syndicated gambling?

Mr. BROWN. Not in San Francisco. I think there have been many abortion operations here, going back 4 or 5 years, but they were definitely local enterprises. They were so strong locally there was no possibility of anybody muscling in on them.

Mr. HALLEY. Would there have been any protection?

Mr. BROWN. That may have been a factor. I can't prove it. But when something illegal operates, it is the result of connivance or corruption.



Senator TOBEY. There are no schools for abortion?

Mr. LYNCH. There is in a way, Senator. Abortionists, we find, have an apprenticeship in some other abortion place and then branch out on their own. That has been my experience, and I have had quite a bit of experience with them.

Mr. HALLEY. Can you tell us anything about the Film Row Club?

Mr. LYNCH. When they raided a place in Hollywood under the name of Hymie Miller—

Mr. HALLEY. Culver City.

Mr. LYNCH. We noticed the telephone calls of Pelsinger. We asked the police department to make an investigation. They brought books and checks down, but there was no evidence of bookmaking, evidence sufficient to prosecute. Pelsinger and the Film Row Club are known as a telephone bookie, but the police have never made an arrest in that case. He was arrested several years ago and the case was dismissed in municipal court.

Mr. HALLEY. Have you any information of his activity as a lay-off bookie on bets from Las Vegas?

Mr. BROWN. It is my opinion by reason of the tie-up that I have seen that he has.

Mr. HALLEY. Do you know anything about gambling in Chinatown now?

Mr. BROWN. In San Francisco I have continuously carried on an undercover investigation of Chinatown; that is, I have tried to find out what is happening up there. Unquestionably gambling operates in Chinatown. They play pai-gow, and there are lotteries. They are up and down. I think Mr. Lynch, to whom I delegated this work in the campaign, can fill you in on what we have done recently in trying to achieve an investigation, but I might say it is a problem for the district attorney's office.

Mr. HALLEY. Mr. Lynch, have you found any evidence that might lead you to think there have been pay-offs in the Chinatown gambling?

Mr. LYNCH. I am not prepared to state that I have evidence. The problem has concerned me greatly, and I have gotten into some rather strong arguments here because I have demanded on numerous occasions that the obvious situation of gambling in Chinatown be closed. It closes and then apparently operates again. At the present moment I am advised it is closed there. I am not prepared to state. I have no evidence to support a statement that there is a definite police pay-off, but I will say this, as I said before, where you have evidence of gambling that is being carried on frequently or over a long period of time, my experience tells me that there must be some sort of protection money paid.

Mr. BROWN. I agree with that. In Chinatown they change their location. They have a small Chinatown squad of 9 or 10 people who are supposed to police Chinatown. We recommended to the police commission that it be eliminated so that it would be policed by all the police department, but they have never done it. Any time anything exists over a long period of time that is illegal, somebody is being paid off. There is no question about it whatsoever.

Mr. HALLEY. That is true in Chinatown, that there is a large gambling operation?

Mr. LYNCH. Sporadically large gambling operations. There probably was always some minor gambling, but it has been our experience

over the years that every once in a while there is an upsurge in gambling, and it becomes very prevalent, and we have tried to stop it. We have been successful over at least short periods of time, but it does not stay down permanently.

Mr. BROWN. When it was closed in San Francisco, they opened in San Mateo County. There was a rumored large pay-off there. That has been taken up with the new district attorney Mr. deMatteis. As district attorney we have to carry on an undercover operation. We cannot go out and arrest these places. All we can do is call it to the attention of the police department, and it will take vigor on the part of the police commissioner and the mayor to see that those things are accomplished. It is my opinion none of those things can exist if the police department would do their job.

Mr. HALLEY. Would Alameda County be a good example of that?

Mr. BROWN. I think Alameda has had excellent law enforcement over a long period of time.

Mr. HALLEY. You mean that Frank Coakley and the police department have been very aggressive?

Mr. BROWN. I think very frankly, it goes back to a long line of good district attorneys in the county, where they have insisted upon full enforcement of the law, including Governor Warren. They can make their own arrests. Their officers are deputized by the sheriff's office, and we have never been able to get that in San Francisco. San Francisco is thought to be different in its philosophy. Since it is a port city it is thought by some of its good citizens that some things should be permitted. I might say I have never adhered to that philosophy. The law is on the statute books and I would like to enforce it.

Mr. HALLEY. I would like to phrase two final questions. It will involve a couple of questions and they are intended to state a résumé of your testimony. I think it is important and I would like to ask you to give your views on the matter to the committee. It goes to the crux of a couple of things on which the committee is lacking knowledge. I believe you testified a public relations has to be done in San Francisco because a large segment of the public believes gambling is perfectly proper.

Mr. BROWN. I do not say in San Francisco; I say in the State of California.

Mr. HALLEY. Do you find that in San Francisco?

Mr. BROWN. Yes; I do.

Mr. HALLEY. As well as other places?

Mr. BROWN. Yes. I did not mean to exclude San Francisco. I would include San Francisco.

Mr. HALLEY. You have stated that gambling, when it is allowed to remain unmolested, results in public officers being corrupted, I believe; is that right?

Mr. BROWN. That is correct.

Mr. HALLEY. And, of course, results in pay-offs to officers by gangsters operating over large areas?

Mr. BROWN. That is right.

Senator WILEY. I understand from the evidence so far he claims there is no evidence of syndicates.

Mr. HALLEY. That is just in this little dice game.

Mr. BROWN. No; I claim there is no syndicated gambling in San Francisco whatsoever.

MR. HALLEY. In San Francisco it has been pretty well eliminated, I think you said.

MR. BROWN. Yes; that is right.

MR. HALLEY. I think you said that when you enforce the law here, it mushrooms to other communities and counties.

MR. BROWN. That is right, and it will dribble back and we have to start another campaign to enforce the law again. It is a continuous process of law enforcement.

SENATOR WILEY. In these other counties is there evidence of syndicates?

MR. BROWN. I am not prepared to state as to other counties at the present moment.

MR. HALLEY. Are there any interstate operations that you know of in this section?

MR. BROWN. Not in San Francisco. We did find that some of the Reno gamblers, such as "Bones" Remmer, who operated Cal-Neva, and Mr. Sabati, were opening poker clubs in San Francisco, rather elaborate poker clubs, and we immediately moved in with the police department, raided them, prosecuted them, and closed them all up.

MR. HALLEY. Wouldn't you say the Film Row Club, for instance, appears to be a syndicated operation?

MR. BROWN. That is based not upon any evidence that I have, that has ever been presented to me, but it is my opinion the Film Row Club is engaged in interstate gambling.

MR. HALLEY. They have commission agents in Las Vegas. They have been getting bets from this man Hymie Miller in Los Angeles we know.

MR. BROWN. That is what I hear. That is what I have read in the paper. The Film Row Club I think is Harry Pelsinger but I am not sure of it. And he has been the one who has been operating a telephone lay-off service and bookie. They have been only arrested on one occasion. Whether they were in the Film Row at that time I am not able to say.

MR. HALLEY. To continue——

MR. BROWN. Go right ahead. Pardon me for interrupting.

MR. HALLEY. How do you hope to cope with this public-opinion problem as long as gambling with dice is condoned and, in fact, legal and encouraged in cigarette stores all over the city and in some bars?

MR. BROWN. To answer that question I might say that I have tried in the 7 years that I have been district attorney to do things not by instantaneous arrests. I have tried to do it over a long period of time. I have tried to take situations as they came up and then enforce the law. I take these things up one at a time as they have occurred. We have prosecuted the bookies. We have stopped the abortionists. We have pulled the wire service. We have closed the poker clubs. And those things have taken time to do, to build up public opinion so we could get convictions in those cases. Whether or not this "26" game is illegal or not I have never checked the law.

MR. HALLEY. Assuming they are absolutely legal, how can you expect a man who goes into a cigarette store and plays "26" to have any sympathy with you when you try to close down a dice game?

MR. BROWN. I suppose the same question will appear in licensed horse racing, the question of whether licensing some forms of gam-



bling will not prevent you from prosecuting those that might be considered grand larceny.

Mr. HALLEY. At least you can see that pari-mutuel betting on the race track is operated legally but these cigar store operations are not.

Mr. BROWN. The "26" game has no regulation at all.

Mr. HALLEY. There would be that situation, would there not?

Mr. BROWN. I think there would be, if you set it up, but I have regarded it, very frankly—possibly erroneously—as a minor problem in San Francisco.

Mr. HALLEY. It may well be. My point is how can you justify with the public shutting up a crap game in a pool parlor if the same people can go to a cigar store and play "26" and sneak in a game of poker dice at the same time?

Mr. BROWN. You may be correct in that. I can't argue with you. I suppose if you are going into that, all the laws should be strictly enforced in that connection. As I say, leases are made upon it. The cigar stores are small merchants. It is a minor part of their business. They sell cigars, cigarettes, razors, and that sort of thing. But I have never, in the absence of police arrests, made a test of it.

Senator TOBEY. Do you know Mr. Arthur Samish?

Mr. BROWN. Yes, I do.

Senator TOBEY. How well do you know him?

Mr. BROWN. I probably have spoken with him four or five times in my life.

Senator TOBEY. On what subjects?

Mr. BROWN. Right after I was elected district attorney—I had never met him before; he supported my opponent—I went to lunch with him and we discussed the morals—

Senator TOBEY. Discussed what?

Mr. BROWN. Discussed the community, discussed a great many things. I just wanted to meet him.

Senator TOBEY. Did he try to set up an entente cordial?

Mr. BROWN. Well, I would say it was a pleasant lunch, but after that I did not see the man for a period of three and a half years, when I met him outside a barber shop in Los Angeles, at the Biltmore Hotel, as I was walking out. I discussed State politics.

Senator TOBEY. He makes his headquarters more often in this city than in Los Angeles, does he not?

Mr. BROWN. I think he does.

Senator TOBEY. And Sacramento?

Mr. BROWN. I think he does.

Senator TOBEY. How about you, Mr. Lynch? Do you know him?

Mr. LYNCH. I have met Mr. Samish two times in my life: on one occasion when I was introduced to him by someone else, and another occasion when he said "Hello" to me.

Senator TOBEY. He probably, as near as any one man can, controls legislation in Sacramento?

Mr. BROWN. I am not prepared to say, but, if you are speaking of his reputation, I will say that he has been a very powerful influence in Sacramento.

Senator TOBEY. The Governor says he has more influence than he has.



Mr. BROWN. I read that article, and I imagine the Governor knows what he is talking about in that connection. I do not think he has had large influence in San Francisco.

Senator TOBEY. I checked that article with two or three people and they say it is 100 percent true. There is no deviation from truth in it.

Mr. BROWN. He is a man I felt as district attorney would be a good man for me to stay away from.

Senator TOBEY. I think he is a good man to get in touch with and put him under a grilling. That is what I would do. I would show him up. I think this committee will before we get through.

Mr. BROWN. I will say this: So far as I have been able to tell, he has never been engaged in illicit or illegal activities in San Francisco. I think you will bear that out, Mr. Robinson.

Mr. ROBINSON. I think, if I can clarify it, Mr. Samish's power stems from the fact that he represents the Motor Carriers' Association, he represents the Brewers' Association, he represents most of the liquor interests. In that connection he has access to most of the billboards throughout the State. I think you have had some experience with that, Mr. Brown. He can throw those billboards to any political candidate he sees fit.

Mr. BROWN. Four years ago I was unable to get any billboards.

Mr. ROBINSON. If the committee is interested, Mr. Philbrick conducted quite an extensive investigation some years ago on lobbying activities and his report relates extensively to Mr. Samish's activities.

Mr. BROWN. I do not believe since I have been district attorney he has ever asked me to do anything of any kind, nature, or description.

Mr. ROBINSON. From the Motor Carriers' Association and from the various liquor interests, who use those billboards for their display, and during the heat of a political campaign he, as a representative of those associations, can make that billboards available to whatever candidate he selects.

The CHAIRMAN. Will you be considering the interstate character of Mr. Samish's operations, Mr. Robinson?

Mr. ROBINSON. I believe, when it comes to interstate activities, Mr. Samish's power was such that he kept eastern beers out of the State until fairly recently.

Senator TOBEY. I think, when we get to Mr. Samish, it will involve some interesting tie-ups.

Mr. ROBINSON. I want to point out that Mickey Cohen's testimony was he was having dinner with Mr. Samish the night of his shooting, and furthermore the crime commission report relates to an incident where Joe Causdine, the operator of the Long Acres track in the State of Washington, was, at Santa Anita, approached by Jim Rist and Frank Niccoli, two of Mickey Cohen's henchmen, and they pointed out to him that some gangsters were out here from Chicago and for a consideration, not stated, believed to be \$5,000 and \$10,000, they could probably prevail upon the Chicago boys to go back where they came from. It was suggested to Mr. Causdine that he sit in Mr. Samish's box that afternoon at Santa Anita, and during that afternoon he relayed to Mr. Samish this shake-down attempt. That night Mr. Causdine received a telephone call from Jimmy Rist and said Mickey had heard from the big man in Sacramento. It was all right. He could

forget about those Chicago gangsters. Everything had been taken care of.

The CHAIRMAN. What documentation do we have of that?

Mr. ROBINSON. That is in the crime commission report.

Mr. BROWN. I might say at this point, in San Francisco the police department has done an excellent job of keeping out any form of gangsters or racketeers in the city. Whatever there may be in connection with minor vice in the city, or vice, minor or major, I do not think you will find—

Mr. ROBINSON. On your interstate connections, I think I might observe that Otis Murphy, west coast representative of the Valley Manufacturing, one of the largest manufacturers of slot machines, upon investigation of the crime commission was found to share offices in the Kohl Building with Mr. Arthur H. Samish.

The CHAIRMAN. How about Mr. Shimbale King in Alameda County?

Mr. BROWN. I think Mr. Lynch can tell you about him. He prosecuted him as assistant United States attorney for income-tax violations. I do not think he has operated in San Francisco. I have no evidence of it.

Mr. LYNCH. You mentioned Alameda County, Senator. I believe he is living over there. He is a very elderly Chinese, an alien.

The CHAIRMAN. Isn't he still operating in a big way?

Mr. LYNCH. Yes; he is. He has an operation in San Mateo County and it would not surprise me if he did have an operation in Contra Costa County.

The CHAIRMAN. What sort of operation?

Mr. LYNCH. Gambling.

The CHAIRMAN. Why hasn't he been deported?

Mr. LYNCH. I could not answer that. That is a little out of my bailiwick. I sent him to prison in about 1940 for income-tax violation. I do not think that would be sufficient in itself to deport him, because you are allowed two felonies after you have been in the country 5 years.

Colonel WHITE. It is not a crime involving moral turpitude according to the Immigration people.

Mr. LYNCH. I don't think so. His operation has been in San Mateo County, and very close to the San Mateo County line, which makes it almost a local operation.

The CHAIRMAN. What is Chinese gambling?

Mr. LYNCH. It is Chinese lotteries, and a game called pai gow. It is a form of Chinese dominoes.

Colonel WHITE. Also fan tan.

Mr. LYNCH. Fan tan.

The CHAIRMAN. Mr. Brown, were you offered some amount of money—\$75,000 or some other amount—to keep on in the attorney general's office certain assistants?

Mr. BROWN. No; I was not.

The CHAIRMAN. How did that report get around?

Mr. BROWN. I never heard it before. That is the first I ever heard of it.

The CHAIRMAN. So there was no proposition made of that, sir?

Mr. BROWN. I think you are probably referring to a situation where someone told me they thought they could raise \$50,000. I think that was the sum. But I have no knowledge of any assistants being part

of that. There were some people who told me they would put \$50,000 in my campaign fund.

The CHAIRMAN. If you did what?

Mr. BROWN. They would just put \$50,000 in my campaign; that is all. I asked them who they were and they told me they were people who were engaged in what I considered to be illegal activities, and I did not go into the matter any further. I didn't want anything more to do with the matter at all. I wanted nothing to do with it.

The CHAIRMAN. Frankly I had a report that you were offered \$75,000 in cash during your recent campaign provided you kept certain assistants of Houser's in the office of attorney general.

Mr. BROWN. That never occurred to me at all at any stage of the game. That is absolutely untrue.

The CHAIRMAN. Any further questions?

Senator TOBEY. No questions.

Mr. BROWN. I would like to know the source of that. I never heard that at all. During this campaign there were situations or suggestions made to me throughout the campaign of campaign contributions, and I at all times, if it involved anything illegal, I wanted no part of it whatsoever and I would have absolutely nothing to do with it whatsoever.

Senator WILEY. There has been considerable talk about Houser having some connections with the gambling interests or giving protection. Is there anything to that?

Mr. BROWN. I believe the crime commission has fully documented all the charges that have been made against Mr. Houser. I defeated him in June. Anything I would add to it would be merely hearsay.

The CHAIRMAN. What do you know about Mr. Houser as prosecuting attorney and his connection with crime, if anything?

Mr. BROWN. In San Francisco I have seen no evidence of any crime on the part of Mr. Houser at all. The reports of the crime commission that have been made I think set forth all the incidents that occurred during the past 4 years in the State of California. As a candidate against him 4 years ago, wherever I went I found that the people who were engaged in illegal activities were for him, and I drew from that conclusion the fact that he was supported by them. But I do not like to deal in hearsay or something I haven't any evidence on. You want to remember that my work has been here in San Francisco. It is not an easy job being district attorney in a city like San Francisco, and I have tried to do my job here.

The CHAIRMAN. Is there anything else? It is 12 o'clock.

Mr. ROBINSON. Just one question. It is a different thought. As district attorney, one of your problems has been the operation of dives and cafes, and where you have a violation of these cafes, seemingly to warrant revocation of the license issued to them by the board of equalization, do you have any comment with respect to the cooperation extended by the licensing authorities to the district attorneys throughout the State in closing down cafes where they can find illegal operations have been conducted?

Mr. BROWN. We have had cases where we felt the evidence was sufficient to warrant revocation of the license, where we made a book-making arrest, but it might not be enough to get a conviction; we might not prove our case beyond a reasonable doubt and to a moral



certainty. But we felt there was enough for the licensing authority to take away the license, and I communicated that fact to the State board of equalization, but their legal department advised them that in order to revoke the license there had to be a conviction, and there was a dispute over that between the board of equalization and myself, which resulted in doing nothing in the absence of a conviction. The fact is if there is a conviction, the license is taken away. Is that what you are referring to?

Mr. ROBINSON. I want the record to show that the board of equalization, which is the licensing authority, is an autonomous body. It does not necessarily clear with the district attorney in the issuance of licenses.

Mr. BROWN. We know nothing about it at all. When there is a license issued, we receive a report. That is all. I never see those. Mr. Lynch takes care of those. But any occasion where they have illegal activities, we call it to the attention of the board of equalization and they take the position there must be a conviction to warrant the taking away of the license. Whether or not that is true I am not prepared to say legally.

The CHAIRMAN. How about the wire service? Is there a wire service in San Francisco?

Mr. BROWN. At the public utilities commission here 2 years ago evidence developed that they were using a wire service here, and I requested the public utilities commission to take it out, which they did. How the bookies are getting their service now I do not know. I do not believe there is any wire service in San Francisco.

Mr. LYNCH. I might add a footnote to that, Senator. In the absence of the wire service here they pick it up in an adjoining county.

The CHAIRMAN. Where is it in the adjoining county?

Mr. LYNCH. We are informed it is San Mateo County.

The CHAIRMAN. Do you know whether it is or not?

Mr. LYNCH. I do not know whether it is or not, but the sources of information that we have in this type of activity indicates that that is where they get the wire service, if they do.

The CHAIRMAN. Do they call in here from San Mateo County?

Mr. LYNCH. No; a bookie will pick up his personal phone and make a call to a particular place. They refer to it as a drop, where the news wire service is presently available. Apparently it moves around a bit.

Mr. HALLEY. Was the man named Stanley Cohen the man who headed the news service?

Mr. LYNCH. Stanley Cohen of Pioneer News Service, which was the outlet for the Ragen race wire in this area. He had a large establishment.

The CHAIRMAN. Is he still operating?

Mr. BROWN. No; he is not.

Mr. HALLEY. For the record, Mr. Chairman, we are advised by our Chicago office that Stanley Cohen is still paying \$500 a week for wire service to the General News Service in Chicago. Five hundred dollars a week is the sum of money he paid before he was closed down, and in Chicago the explanation given is that he is paying this \$500 a week as consideration to be assured that when it becomes legal to run wires into California he will be allowed to have the wire service. The explanation is, of course, incredible and it can only be assumed



that in some way Stanley Cohen is getting something from the General News Service that is worth \$500 a week.

The CHAIRMAN. Is his company the Pioneer News Service?

Mr. HALLEY. No; we just know that he pays it.

The CHAIRMAN. You do not know whether they have a wire service in San Mateo County?

Mr. BROWN. No, Senator. You will have to understand our office, the district attorney's office—we have one undercover man. We have no vice investigators whatsoever.

The CHAIRMAN. Don't you have coordination with the prosecuting attorney in San Mateo County?

Mr. BROWN. Yes, we do, but I have not heard of any wire service being rendered in San Mateo County. I suggest you take it up with the special service bureau in San Francisco who are on top of that day by day. They know those things. They know where they are operating. But we only get the cases after they send them to us.

Mr. HALLEY. I might say for the record this is information we were able to develop only in the last few days in Chicago, that Stanley Cohen is not in San Francisco at this time, so we have not been able to subpoena him, and that there is at least the inference that the wire service is being handled by radio from Mexico. It is a Continental News arrangement, however, through their facilities and distributed in the usual way.

Mr. BROWN. My information is the wire service has not been in operation since I requested it taken out by the public utilities commission. There may be telephone calls come in from time to time, but it is a constantly changing situation that I know nothing about. If we hear of any wire service, and the police will make an arrest, we will prosecute, and even if they do not make an arrest, we will order the telephone taken out. That is the way we operate.

The CHAIRMAN. Anything else, gentlemen? Unfortunately I was out a while and did not get the testimony. We will have to tell the press something. What are the high points?

Mr. HALLEY. I think we might state what a good job has been done in closing down gambling here in San Francisco. The problem seems to be when it is closed here in San Francisco or Alameda, it branches out to other counties.

The CHAIRMAN. That applies to big gambling, but I do not see on these 26 games such a good job has been done.

Mr. HALLEY. That seems to be legal.

Mr. BROWN. There is a city ordinance. It might be declared unconstitutional. But it is permitted in San Francisco by city ordinance.

Mr. HALLEY. That is a problem that comes to the committee because apparently gambling runs through the city in that way, and it is hard to see how the citizens can distinguish one from the other.

The CHAIRMAN. You think narcotics is the biggest difficulty?

Mr. BROWN. That is my opinion. Do not misunderstand me. I do not mean to minimize the gambling situation in San Francisco. It is constantly—I won't say it is a flourishing business but it is a business that has to be constantly attacked from all sides, and that we try to do from our standpoint by vigorous prosecution without fear and favor.

Mr. HALLEY. Then we have to mention the Film Row Club, which ties into Las Vegas and Los Angeles. Should we mention the large sums of money found in the home of Inez Burns?

Mr. LYNCH. They are matters of public record and have been published in the newspapers.

The CHAIRMAN. It has been published in the newspapers about the Mafia characters.

Mr. LYNCH. That is right.

Mr. BROWN. The situation in San Francisco is kept constantly in the spotlight by many splendid reporters. It is one situation where they have been helpful.

Mr. HALLEY. We might say a wire service is still being paid for here.

Mr. BROWN. I might suggest that you have the special service bureau out here. They are supposed to know what is going on in connection with all these things—this special service bureau of the city and county of San Francisco. They have some 25 people that control vice in San Francisco.

The CHAIRMAN. There is a lawyer out here who says his client, Thomas Kyne, is sick. Let us call him in.

You seem to be having a lot of trouble here with some lawyers committing perjury and what not.

Mr. LYNCH. We have had convictions.

The CHAIRMAN. How many convictions?

Mr. LYNCH. It was not committing perjury; suborning perjury. One lawyer was the principal alleged offender and he has been convicted of it in the Federal courts here, and he is under sentence right now.

Mr. BROWN. Archer Zamloch.

(Whereupon Thomas E. Feeney, entered the room.)

Mr. BROWN. This is Mr. Feeney, one of our former assistant district attorneys.

The CHAIRMAN. What was the matter you wanted to take up with us? Sit down.

### TESTIMONY OF THOMAS E. FEENEY, ATTORNEY, SAN FRANCISCO, CALIF.

The CHAIRMAN. Do you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FEENEY. I do.

Mr. FEENEY. My name is Thomas E. Feeney. I am an attorney practicing in San Francisco, appearing for Mr. Thomas Kyne. I have with me, Senators, a medical certificate from Dr. Fred H. Zumwalt, suite 1219, 450 Sutter Street, San Francisco 8, with respect to Mr. Thomas Kyne. It is dated today, November 21, 1950:

*To Whom It May Concern:*

This is to certify that Mr. Tom Kyne is ill and under my professional care. He is confined to his home with a virus infection.

(Signed) F. H. ZUMWALT, M. D.

Senator TOBEY. What did that cost?

Mr. FEENEY. Pardon me, Senator?

Senator TOBEY. What fee did you pay for that?

Mr. FEENEY. I do not even know Dr. Zumwalt.

Senator TOBEY. I did not ask you that. What fee did Mr. Kyne pay?

Mr. FEENEY. This is the first time I have ever appeared for Mr. Kyne. I happen to know the family in a sense. I have never appeared before in any proceeding at all. I would suggest, sir, that Dr. Zumwalt could answer questions about his health. I am not a doctor obviously, and I wish to cooperate with this investigation committee, and my instructions from Mr. Kyne in the short time I have been in the matter have been to the same effect.

Mr. HALLEY. How far away does Mr. Kyne live?

Mr. FEENEY. In miles I would say two or three, in that area, sir.

Mr. HALLEY. Would you mind getting into a taxicab with Mr. White and going over to Mr. Kyne's house and letting Mr. White see how sick he is? A virus infection is something we all know about. You and Mr. White take a look at him and report back.

Mr. FEENEY. May I suggest that you speak with Dr. Zumwalt first?

Mr. HALLEY. We would like to see what shape Mr. Kyne is in. We know you can have a virus infection and still be up and around.

The CHAIRMAN. Mr. White is an expert on virus troubles.

Mr. HALLEY. We would like you to go and see him without any phone calls or advance warnings to Mr. Kyne. Just take a look at the situation. Ring the bell, walk in, and see how Mr. Kyne looks.

Mr. FEENEY. I have nothing to say. He is under the doctor's care. I would ask the committee's courtesy to talk with the doctor. I am a lawyer.

Mr. HALLEY. We will be happy to talk with the doctor. That is a request I would ask the committee to grant. But first of all I would like you to go out with Mr. White and take a look at him.

The CHAIRMAN. Yes; you show Mr. White where he lives.

Mr. FEENEY. I will, sir. I have no objection. I do ask the committee to speak with the doctor first.

Mr. HALLEY. We would like to do that second. I am sure Mr. White's walking in the door is not going to hurt anybody, and Mr. White will conduct himself very carefully. But I do request that no telephone calls be made to the doctor or anyone else, that you just walk out of here, get into a cab, go out there, ring the bell and see what he looks like.

The CHAIRMAN. Thank you very much.

Mr. FEENEY. May I file this certificate?

Mr. HALLEY. If Mr. Kyne does not change his mind, would you bring the doctor in at 1:30?

Mr. FEENEY. I would be pleased to speak with the doctor.

Mr. HALLEY. I think the doctor should be here.

Mr. FEENEY. Would it be agreeable if he could make it at another time, some time convenient with his practice?

Mr. HALLEY. That would be all right.

The CHAIRMAN. This will be made part of the record.

(Whereupon a recess was taken until 2 p. m.)

## AFTERNOON SESSION

(The committee met at 2 p. m., pursuant to the taking of the noon recess.)

Mr. HALLEY. Call Floyd Russell.

You represent Mr. Russell?

Mr. DAVIS. Yes, I do; yes, sir.

**TESTIMONY OF FLOYD RUSSELL, SAN FRANCISCO, CALIF.,  
ACCOMPANIED BY JAMES DAVIS, ATTORNEY**

The CHAIRMAN. Mr. Russell, do you solemnly swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

Mr. RUSSELL. I do.

Mr. HALLEY. Will you note your appearance?

Mr. DAVIS. James Davis, attorney, appearing for Mr. Russell.

Mr. HALLEY. What is your address?

Mr. DAVIS. 1095 Market Street, room 505.

Mr. HALLEY. What is your address, Mr. Russell, your residence?

Mr. RUSSELL. 960 Chestnut, San Francisco.

Mr. HALLEY. What is your business address?

Mr. RUSSELL. 15 Fourth Street.

Mr. DAVIS. May I interrupt at this moment and make a statement for the record? Mr. Russell, I might tell you, is perfectly willing to come here and answer all of your questions. He doesn't claim, tend to claim any privilege—I don't know whether it is legally necessary—for the purpose of the record I am going to state he is not going to claim his privilege under 3486, title 18, granting him any immunity.

Senator WILEY. What?

Mr. DAVIS. Granting him any immunity under the section.

Mr. HALLEY. You must specifically claim your immunity in each case.

Mr. DAVIS. Yes, that is right.

Mr. HALLEY. And with regard to any privilege against self-incrimination, the law is that a witness before this committee is privileged to refuse to answer any questions which would tend to incriminate him under the Federal law.

Mr. DAVIS. That is right.

Mr. HALLEY. But that privilege does not extend to such incrimination under the State law.

Mr. DAVIS. I am well aware of the law on the subject.

Mr. HALLEY. Mr. Russell, what is your business?

Mr. RUSSELL. Commission broker.

Mr. HALLEY. And will you explain what a commission broker is?

Mr. RUSSELL. Yes, sir. Should you come to the office and wish to place a commission with me—

Mr. HALLEY. What do you mean by a commission, a bet on a horse?

Mr. RUSSELL. We don't handle horses, sir.

Mr. HALLEY. On what, football games?

Mr. RUSSELL. Football games.

Mr. HALLEY. Baseball games?

Mr. RUSSELL. Baseball games and elections.

Mr. HALLEY. Yes, and suppose I would come to the office and say I would like to place a commission on, we will say, Mr. Warren—



Senator TOBEY. That would be too much of a sure thing, wouldn't it?

Mr. RUSSELL. I would ask you how much do you want to place with me and you give me the amount. Then I would say to you, "At what price would you like to have this commission, or this bet placed?" You say, "Well, I will start it off at 2 to 1." Now, I have your order to place that at 2 to 1 and I am trying to get someone else who will take the other end of the commission.

Mr. HALLEY. Do you ever personally take the other end?

Mr. RUSSELL. No, sir, I do not, sir. Mine is strictly trying to get both ends together.

Mr. HALLEY. Where do you find the people who take these bets, deal with various betting houses throughout the country?

Mr. RUSSELL. No, sir, I do not.

Mr. HALLEY. Did you ever deal with Tornabene at Kansas City?

Mr. RUSSELL. I don't know him.

Mr. HALLEY. You don't know him?

Mr. RUSSELL. No, sir.

Mr. HALLEY. Where do you place such bets?

Mr. RUSSELL. Well, most all of it is sold locally.

Mr. ROBINSON. You hold your own action?

Mr. RUSSELL. I don't understand.

Mr. ROBINSON. I mean, you don't take the risk of the action, you don't underwrite yourself?

Mr. RUSSELL. No, sir, if I can't place your—place your order, rather, then you would call me or I would call you and tell you that I was unable to place the commission. If I can't place it for you then I notify you to come in and ask me if the commission has been placed or I would contact you that the order is placed.

Senator WILEY. What if you don't find anyone to take the bet?

Mr. RUSSELL. The money is then refunded, sir. If there was no money placed with me, then of course there is no business transaction at all. So you will understand, I take 5 percent of—if you should win, say on Mr. Warren, or if I was able to place your commission on Mr. Brown or Mr. Nixon, I would charge you 5 percent of the total amount involved. That is my revenue.

Mr. HALLEY. How long have you been in that business?

Mr. RUSSELL. I have operated since 1935 myself.

Mr. HALLEY. In the year 1949 what was your gross receipts from your commission business?

Mr. DAVIS. I have his records here which I brought in answer to the subpoena which would be—if you want those—do you want to refresh your recollection?

Mr. RUSSELL. Yes, please.

Mr. HALLEY. Yes.

Mr. RUSSELL. I believe it was around \$32,000.

Mr. HALLEY. \$32,000?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. Five percent of the wins by your clients?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. Customers?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. On that what was the net profit?

Mr. RUSSELL. The net profits was \$24,762.

Mr. HALLEY. Have you any other businesses?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. What are your other businesses?

Mr. RUSSELL. I am a licensed real-estate broker which I have been—may I say, rather successful in selling, buying and selling.

Mr. HALLEY. Are you active in the real-estate business?

Mr. RUSSELL. Yes; I am.

Mr. HALLEY. And what other businesses do you have?

Mr. RUSSELL. That is all I have, sir.

Mr. HALLEY. How does your income from the real-estate business compare with the income from the commission business?

Mr. RUSSELL. Safely say I believe my—between \$35,000 and \$50,000 that I have made in real estate in the last, oh, I would say 10 years.

Mr. HALLEY. But you have a \$30,000 income from the commission?

Mr. RUSSELL. I have, sir.

Mr. HALLEY. What books and records have you produced in response to the subpoena?

Mr. DAVIS. Well, we produced all of the canceled checks and bank statements; we have produced the checkbooks, we produced this document, which is a weekly or daily record of the bets—commissions placed following the commission and showing the expenses.

Mr. HALLEY. May I see that while you are producing the other books?

Thank you very much.

Senator WILEY. Do you have to take out a license to become a broker on that?

Mr. RUSSELL. Real estate?

Mr. HALLEY. No.

Senator WILEY. No; we are talking about a betting broker.

Mr. RUSSELL. No, sir.

Senator WILEY. You call yourself a commission merchant?

Mr. RUSSELL. Yes; I would say that.

Mr. DAVIS. Well, the name, if I may interrupt, Senator, in San Francisco these men have been called betting commissioners. I don't know where the name arose. It is public, they are quoted on every football game and every election and every athletic contest, and is quoted in the paper and known, as I say, as betting commissioners.

Senator WILEY. Yes.

Mr. HALLEY. Where do you keep the records, the names of the bettors, the people with whom you place these bets? I see on 16541, 1950, April 4, a number, 8119; what would that mean?

Mr. RUSSELL. May I look at it, please?

Mr. HALLEY. Yes, sir. Right here. [Indicating.]

Mr. RUSSELL. That is the amount of commissions I had that day that were placed.

Mr. HALLEY. What is this next thing?

Mr. RUSSELL. Opening of the baseball season. "Opening B. B. season."

Mr. HALLEY. I see. What is this next?

Mr. RUSSELL. Five percent of the amount that was placed.

Mr. HALLEY. On what do you keep the records of the bettors, the people with whom you place your bets? This is a summary.

Mr. RUSSELL. Just as soon as—for instance, that day's commissions would be placed, they are almost immediately collected, perhaps the longest stretch would be a week, most usually the next day. The

elections, those are a little different, you have to wait until it becomes official, but those records we—many of them are used, initialed, many of them would use their name.

Senator TOBEY. What are the figures at the top after the date, "15—2260—1877"?

Mr. RUSSELL. That is the amount of the commission that I placed that day, both ends have been taken care of.

Senator TOBEY. Five percent of that?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. I see. That is the gross and net, what the bet was?

Mr. RUSSELL. The totals.

Senator TOBEY. Of the winnings?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. These are all pencil notations, aren't they?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. Why do you make them in pencil?

Mr. RUSSELL. I wouldn't know, just have used pencil as long as I can remember.

Senator TOBEY. Pencils are erasable and don't constitute very good evidence, if it is in pencil it is hard to find the erasures, speaking of the value of the record, if it is in pencil it can be easily changed without anyone knowing it, but in ink it generally makes it more difficult to change the evidence, wouldn't it?

Mr. HALLEY. Was your business operating yesterday?

Mr. RUSSELL. I beg your pardon?

Mr. HALLEY. Was your business operating yesterday?

Mr. RUSSELL. No, sir.

Mr. HALLEY. No?

Mr. RUSSELL. No, sir.

Mr. HALLEY. When were you last in operation?

Mr. RUSSELL. I would say about 10 days ago.

Mr. HALLEY. Didn't do any betting on the football games this week end?

Mr. RUSSELL. No, sir.

Mr. HALLEY. Is there any reason that you can state?

Mr. RUSSELL. Well, my own honest answer to that was I didn't care to take any commissions at this time.

Mr. HALLEY. Because you might be caught in the presence of this committee in California, would that be the reason?

Mr. RUSSELL. To be perfectly honest, yes, sir.

Mr. HALLEY. In your opinion is this a legitimate or an illegitimate business in which you are engaged?

Mr. DAVIS. I don't think that is exactly a fair question to ask this witness.

Mr. ROBINSON. Mr. Davis, do you know in your experience as an attorney of any penal provision for marking down or recording of a bet?

Mr. DAVIS. I would say that there is a section of the California Code which I believe technically makes the operations of Mr. Russell a violation of the State law.

Mr. ROBINSON. That is a good enough answer.

The CHAIRMAN. Let me ask one or two questions. What is this in the back here, Tom Sullivan, P. R., for instance, 1948? Is he one of your customers? What is that?

Mr. RUSSELL. I believe that if you will look at it—I am not positive, that is a social security——

The CHAIRMAN. I don't know what it is, just——

Mr. RUSSELL. May I look at it?

The CHAIRMAN. Several pages here.

Mr. RUSSELL. The social security——

The CHAIRMAN. Tom Sullivan.

Mr. RUSSELL. He works for me, he gets—that is his record of the money that I pay him as an employee, and from that is the social security as compiled.

The CHAIRMAN. How many employees do you have?

Mr. RUSSELL. I have two.

The CHAIRMAN. Who are they?

Mr. RUSSELL. Mr. Sullivan, and I have Mike Hemovich, comes in before he goes to work and cleans up the office, and several times after hours he will come in the office.

The CHAIRMAN. You pay Mike Sullivan \$100 a week?

Mr. RUSSELL. I give Mike Sullivan \$100.

The CHAIRMAN. Tom Sullivan?

Mr. RUSSELL. Tom Sullivan.

The CHAIRMAN. What do you pay the other fellow?

Mr. RUSSELL. \$30 a month.

The CHAIRMAN. How large an office do you have?

Mr. RUSSELL. Well, two small offices.

The CHAIRMAN. Where are they?

Mr. RUSSELL. 15 Fourth Street.

The CHAIRMAN. What is on the—what signs are on the office?

Mr. RUSSELL. Just my name is on the inner office.

The CHAIRMAN. I mean on the outside, out on the street?

Mr. RUSSELL. "Floyd Russell, Corbett."

The CHAIRMAN. Real estate or what?

Mr. RUSSELL. I had "Floyd Russell, licensed real-estate broker"; yes, sir.

The CHAIRMAN. How many telephones do you have to carry on this business?

Mr. RUSSELL. We have one telephone.

The CHAIRMAN. The people called in from other places and put commissions?

Mr. RUSSELL. Well, yes, sir.

The CHAIRMAN. What States do you get calls from?

Mr. RUSSELL. Ours is practically all local.

The CHAIRMAN. Practically all, do you get some from other States?

Mr. RUSSELL. I believe the only calls I have received for many years from out of State has been when, I believe it was Roosevelt, one of the campaigns in which someone phoned in from Tuscaloosa——

The CHAIRMAN. Alabama?

Mr. RUSSELL. Having read of the odds.

The CHAIRMAN. How would they get those way out here?

Mr. RUSSELL. The newspapers will call over and ask what commissions have you on the elections and I will give them to them.

The CHAIRMAN. What the odds are?



Mr. RUSSELL. Then I imagine they are sent by INS or APS, whatever the service may be.

The CHAIRMAN. You mean the daily newspapers?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. They carry what odds you were giving on elections?

Mr. RUSSELL. The odds that we have; yes, sir.

The CHAIRMAN. Suppose I wanted to bet on the football game next Saturday.

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. Betting on the University of Tennessee against Kentucky. I call you and find out what the odds were you were carrying?

Mr. RUSSELL. If I had them, yes. If you called, said, "I would like to bet on Tennessee," and I didn't have any on Tennessee I would have to answer you that way and say, "If you would like to bet on Tennessee, what do you think the odds would be," because I don't make the odds, the public make the odds. So you would say, "Mr. Russell, I would like 10 to 8," we will say, whatever price you made up in your mind, that becomes an odd with me.

The CHAIRMAN. Then you try to find a customer?

Mr. RUSSELL. I do; yes, sir.

The CHAIRMAN. You don't take it yourself?

Mr. RUSSELL. No, sir.

The CHAIRMAN. Then you find a customer and he takes my bet through you. I suppose in any event you get 5 percent of the transaction?

Mr. RUSSELL. The winner pays 5 percent. In other words, should you bet \$100 to \$80, say on Tennessee, and they won, my commission would be \$5.

The CHAIRMAN. How much do you handle, say, in the course of a month, not what the 5 percent is, but what is the amount of the transactions?

Mr. RUSSELL. You find that on the bottom of each page what the total is.

The CHAIRMAN. Per day?

Mr. RUSSELL. That will vary. There are times when we won't handle as much on baseball, say, as on an election.

The CHAIRMAN. How much do you usually handle?

Mr. RUSSELL. Well, I would say that it will average, I mean, maybe \$1,000, \$1,500, or perhaps it will average \$2,000 a day. I couldn't—I don't know that exactly.

The CHAIRMAN. Average \$2,000 a day, then you get, your commission would be \$100 a day?

Mr. RUSSELL. Yes; average a little bit better than that.

The CHAIRMAN. What do you think it would average?

Mr. RUSSELL. Well, you don't have business every day, Senator, for instance—

The CHAIRMAN. I know, but—all right. Anyway, how do you clear these transactions? Suppose I called you up and then you called Senator Wiley up and I am betting with him through you. Do I send my check to you or do you wait until after the event is over to call on your customers?

Mr. RUSSELL. If I don't know the party that may call me, Senator—90 percent of ours is personal contacts of people from San Fran-

cisco who would give us these commissions. Therefore, in our business, I say, if you win I will mail you a check Monday, or if you come in and get your money Monday, or will you come in and pay me.

Senator WILEY. Take his example. He bets, I take it, through you. You confirm the calls by telephone or what?

Mr. RUSSELL. If it is local, you would call me, or the other gentleman would call me. I would confirm it that I have an order—not interested in who I have it with.

Senator WILEY. Confirm with him it has been taken?

Mr. RUSSELL. Yes, sir; that his order is placed.

The CHAIRMAN. Suppose I didn't pay you and would you have to collect and pay Senator Wiley?

Mr. RUSSELL. I do because, when you pay that 5 percent that is the insurance, I always look at it, that you pay.

The CHAIRMAN. Do you have any lawsuits on fellows not paying?

Mr. RUSSELL. No, sir; very few.

The CHAIRMAN. How many people do business like you around here; do you know?

Mr. RUSSELL. In San Francisco?

The CHAIRMAN. Yes.

Mr. RUSSELL. Well, I believe Mr. Kyne and I believe Mr. Cohen.

The CHAIRMAN. Mr. Cohen, he is the man who has the wire service?

Mr. ROBINSON. Les Cohen, he is referring to.

Mr. RUSSELL. Les Cohen.

The CHAIRMAN. The other one——

Mr. ROBINSON. The other one is Stanley.

The CHAIRMAN. Are they brothers?

Mr. RUSSELL. I don't think there are any brothers.

The CHAIRMAN. Do you know this man that had the wire service?

Mr. RUSSELL. Cohen & Cohen?

The CHAIRMAN. Yes. Stanley.

Mr. RUSSELL. Yes.

The CHAIRMAN. Where is he?

Mr. RUSSELL. I believe he is in San Francisco.

Senator WILEY. I understand from your lawyer that there is no legal sanction for this. In fact, did he say that it was an offense, a misdemeanor or——

Mr. DAVIS. I didn't say that, Senator. I said that as far as I know there is no legal sanction for it.

Senator WILEY. No legal sanction. Is it a criminal offense?

Mr. DAVIS. Well, I don't know, Senator. I am not really certain I might say this——

Senator WILEY. Thought it could be a violation of the Penal Code.

Mr. DAVIS. My opinion is this, Senator: That Mr. Russell is not a bookmaker; he doesn't take any bets; he doesn't bet against anyone. He acts as a sort of broker, sitting in the middle bringing the two parties who wish to bet together and taking a commission. Now, I am not really prepared to say—if I gave that impression before I would like to withdraw it. Not being in a position of having to do so, I wouldn't care to express, just my personal opinion as an attorney, whether that is an actual violation.

Senator WILEY. Do you know of any commissioner that has been arrested, tried, or convicted that this constitutes an offense under the Penal Code of California?

Mr. DAVIS. I don't know anyone who operates similarly to Mr. Russell that I have ever——

Senator WILEY. Do you know?

Mr. LYNCH. I don't think there has been a prosecution.

Mr. BROWN. I didn't hear his testimony in the beginning here, what he said

Senator WILEY. Would there be any difference between him and myself—supposing you came to me and wanted to bet so much on a certain game and Senator Kefauver took the bet through me and I was paid 5 percent. Now, is that a violation of any law?

Mr. BROWN. It would be a violation for you to bet in California with the Senator, for you to wager with him.

Senator WILEY. That is to bet on the result of any game of chance or anything else. What about the fellow that handles them?

Mr. BROWN. It would be a violation of the law, too, because he would be recording them; he would have to record the bets somewhere. I haven't got the code, 3379——

Senator WILEY. Is that a misdemeanor or a felony?

Mr. BROWN. It is a felony.

Senator WILEY. It is a felony.

Mr. BROWN. Unless the judge sentences you to the county jail, and then it becomes a misdemeanor.

Senator TOBEY. The testimony admits he is doing this business, and he says Mr. Kyne and Mr. Cohen, and you tell us—and you ought to know—it is a felony or a misdemeanor; it is a crime, and apparently they have never had any trouble with the authorities. If we come out here, entire strangers from the East, and uncover this through our investigation, why didn't the chief of police, the sheriff, or the attorney general?

Mr. BROWN. Why, the persons have not been arrested, have not obtained an arrest, never made the arrest; I don't believe Mr. Russell has ever been arrested since I have been district attorney. If he has been arrested before, I don't know it.

Mr. HALLEY. Mr. Russell, do you have any employees of the city of San Francisco on your payroll?

Mr. RUSSELL. I beg your pardon?

Mr. HALLEY. Any of the two employees you mentioned working for you also employees of the city of San Francisco?

Mr. RUSSELL. Mr. Hemovich works for the board of health.

Mr. HALLEY. What is his position with you?

Mr. RUSSELL. He is a chap that comes in before his business hours, and many times after business hours, and cleans up our office.

Mr. HALLEY. What do you mean by "cleans up"; sweeps it?

Mr. RUSSELL. I beg your pardon?

Senator WILEY. A janitor?

Mr. RUSSELL. Yes, sir.

Senator WILEY. \$30 a month.

Mr. RUSSELL. Well, that isn't very much, I admit. That is all I give him.

Senator WILEY. That is all you give.

The CHAIRMAN. What is his name?

Mr. RUSSELL. Hemovich, H-e-m-o-v-i-c-h.

Mr. HALLEY. Also works for the board of health?

Mr. RUSSELL. He is an inspector in the board of health.

Senator WILEY. Has nothing to do with your operations, cleans up the office?

Mr. RUSSELL. If he does—if I would ask him, he would not hesitate to go on an errand for me if I asked him when he is not working Saturday afternoon.

The CHAIRMAN. Anything else?

Mr. HALLEY. Does A. B. Crowley work for you?

Mr. RUSSELL. Who?

Mr. HALLEY. A. B. Crowley.

Mr. RUSSELL. No; he is the chief inspector of the board of health, I believe.

Mr. HALLEY. He was in your office, too, when we attempted to serve our subpoena.

Mr. RUSSELL. They were both in the office.

Mr. HALLEY. What does Mr. Crowley do in your office?

Mr. RUSSELL. He was with Mr. Hemovich.

Mr. HALLEY. The chief of the health department was helping Mr. Hemovich clean your office?

Mr. DAVIS. May I interrupt? Will you explain to the gentlemen how these two men happened to be in your office that day?

Mr. RUSSELL. There is a restaurant downstairs below us, and we believed that the cockroaches come from there to our office; and I had told Mike that, since he was in the health department, he should know something about exterminating cockroaches and would he be good enough to go to the office yesterday morning with the powder, whatever they use, and try to eliminate these cockroaches. I was expecting a delivery of Novitiate wine yesterday. I had told him, when the wine is delivered, to please put them away. There was a knock on the door, as I understand it, and he thought it was the wine and went and answered the door.

Mr. DAVIS. You don't know anything that happened other than what he told you?

Mr. RUSSELL. That's right.

Mr. DAVIS. Hearsay.

Senator TOBEY. Opened the door and the cockroaches came in?

Mr. RUSSELL. Three gentlemen came in and asked if he was Mr. Wolf. He said, "No; I am the janitor."

Mr. HALLEY. Had he brought the chief inspector with him?

Mr. RUSSELL. Now, I believe he did; I believe he met his chief at Fourth and Market and asked him if he would come with him, he was going to put this powder, whatever they use, to eliminate the cockroaches.

Mr. HALLEY. Do you know the chief?

Mr. RUSSELL. I have met him before; yes, sir.

Mr. HALLEY. Did you know him before?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. How long has Hemovich been working for you?

Mr. RUSSELL. I would say about 3 or 4 years.

Mr. HALLEY. Now, what other businesses have you been in in the last 20 years?

Mr. RUSSELL. Well, I started—in the last 20 years?

Mr. HALLEY. Let us go back and say 1930.



Mr. DAVIS. Tell him your complete history.

Mr. RUSSELL. Out of high school, I was a shipping clerk at the Underwood Typewriting Co.; from there a shipping clerk for the Burroughs Adding Machine Co.; from a shipping clerk, I became an inspector; from an inspector, I became a salesman; from a salesman, I became a statistician, covering everything west of Denver; from that, I became district secretary. I resigned from Burroughs Adding Machine Co. about 1924 and went under the employ of Dr. Strub in the managing of his dental offices and——

Mr. HALLEY. Is that the man who owns Santa Anita?

Mr. RUSSELL. Dr. Charles Strub. And also handled some of his baseball affairs too at that time; he was president of the San Francisco Baseball Club. In 1928, on the death of Mr. Monahan, who operated Corbetts at that time, I went to work for Corbetts.

Mr. HALLEY. What is Corbetts?

Mr. RUSSELL. Pardon?

Mr. HALLEY. What kind of business is Corbetts?

Mr. RUSSELL. Corbetts——

Mr. DAVIS. That is the business in question.

Mr. HALLEY. That is the trade name of your business?

Mr. RUSSELL. Yes, sir. Corbetts was established in 1890.

Mr. HALLEY. What did you do; purchase the business?

Mr. RUSSELL. Pardon?

Mr. HALLEY. Did you purchase the business?

Mr. RUSSELL. No, sir.

Mr. HALLEY. From the estate?

Mr. RUSSELL. No, sir.

Mr. HALLEY. How did you acquire it?

Mr. RUSSELL. Well, my sister-in-law, Mrs. Walsh, upon the death of Mr. Monahan, took over the business, and at that time left the employ of Dr. Strub to manage Corbetts for her. She died in 1935. In 1935 I took over the operation of Corbetts.

Mr. HALLEY. Did you then have any associates or partners?

Mr. RUSSELL. No, sir.

Mr. HALLEY. Do you now?

Mr. RUSSELL. No.

Mr. HALLEY. Have you had any?

Mr. RUSSELL. No, sir.

Mr. HALLEY. A solely owned business?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. With whom do you place bets—suppose I came in tomorrow and wanted to put a thousand-dollar bet on a football game for Thanksgiving Day. Would you attempt to place it with certain commission houses over the country?

Mr. RUSSELL. No.

Mr. HALLEY. How would you handle it?

Mr. RUSSELL. I would try my level best to sell it here, right in San Francisco.

Mr. HALLEY. Who are the people you contact on that sort of thing?

Mr. RUSSELL. Could I say local people that I know personally in San Francisco?

Mr. HALLEY. Well, who for instance?

Mr. RUSSELL. Well, there would be mutual friends of mine, but no——

Mr. HALLEY. I want some names. I mean——

Mr. DAVIS. May I interrupt here? I think this is the problem: I think the committee wants to know do you deal with any other people in a similar business or any people who make this their business, or are these just customers?

Mr. RUSSELL. These are customers.

Mr. DAVIS. Doctors, lawyers?

Mr. HALLEY. I would like the name or the kind of customer you contact on a \$1,000 football bet?

The CHAIRMAN. Leo Scaffer, Jack Rolland?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. P. H. Tracy, George Chalmers, et al?

Mr. RUSSELL. Yes, sir.

Mr. HALLEY. Are they all your customers?

Mr. RUSSELL. I would say they are.

Mr. HALLEY. Do you have any customers outside of the city of San Francisco?

Mr. RUSSELL. I might have, not more than three.

Mr. HALLEY. Altogether you don't have more than three?

Mr. RUSSELL. No.

Mr. HALLEY. Are any of them outside of California?

Mr. RUSSELL. Yes.

Mr. HALLEY. How many do you have out of California?

Mr. RUSSELL. I would say I recall only one to my knowledge that I could call and say we have a commission, such as you speak of.

Mr. HALLEY. Where would that be?

Mr. RUSSELL. That would be Mr. Schaffer in Chicago.

Mr. HALLEY. Do you do any business with Carroll in St. Louis; have you done any business with Carroll in St. Louis?

Mr. RUSSELL. No, sir; I never have.

Mr. HALLEY. I have no other questions.

Senator TOBEY. This book here, month of June, is 16,441, total figures. You deduct the items of rent, telephone, Mike, and Western Union, and so forth, from the total earnings, is that right?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. That gives you a net?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. Two cents off on your additions on that, not very much.

Mr. RUSSELL. Pretty good.

The CHAIRMAN. Senator Wiley?

Senator WILEY. Any of the police officials place bets through you?

Mr. RUSSELL. Never.

Senator WILEY. What?

Mr. RUSSELL. Never that I know of; no, sir.

Senator WILEY. City officials?

Mr. RUSSELL. No, sir.

Senator WILEY. County officials?

Mr. RUSSELL. No, sir.

Senator WILEY. These checks, they are signed your "clients fund." Do you have a trustee fund then for your clients' money?

Mr. RUSSELL. Yes, sir.

Senator WILEY. Who is Phil Rosenberg?

Mr. RUSSELL. He is a local gentleman.

Senator WILEY. What is his business?

Mr. RUSSELL. I couldn't—I don't know his business. He comes in and give us commissions to place. I really couldn't say what his business is.

Senator WILEY. The next one is a check to the California Paramount Corp.

Mr. RUSSELL. That is the rent for 15 Fourth Street.

Senator WILEY. You don't know what Phil Rosenberg's business is?

Mr. RUSSELL. I really do not; no, sir.

Senator WILEY. I notice several checks there in the month of August, one \$1,275.

The CHAIRMAN. Do any business with Mickey Cohen?

Mr. RUSSELL. No, sir, never.

The CHAIRMAN. Baseball, football, basketball, elections, anything anybody wants to bet on?

Mr. RUSSELL. That is only for that——

The CHAIRMAN. Will you take a bet on a horse?

Mr. RUSSELL. Never have taken a horse bet; no, sir.

Senator WILEY. How do you get the returns of the thing that is betted on?

Mr. RUSSELL. Baseball, for instance?

Senator WILEY. Get it over the radio, telephone?

Mr. RUSSELL. Radio, newspapers.

Senator WILEY. Now, if, as the district attorney says, it is in violation of the statute law of this State for a man to bet or for you to handle a bet, you say to your knowledge there never has been any prosecution for violation of that law in California since you have been connected with this business?

Mr. RUSSELL. No, sir.

Senator WILEY. Do you think anyone is paid, do you know of anyone being paid money for protection or for not taking action, or anything of that kind?

Mr. RUSSELL. No, sir.

Senator WILEY. It is just, I think it was stated by the district attorney here sometime ago, that particularly in California it is sort of a general disease, isn't it? Not quoting his words, those are my words, betting and gambling is more or less in the blood, is it?

Mr. RUSSELL. I would say so; yes, sir.

Senator WILEY. Is that due to the fine weather or orange juice or what?

Mr. RUSSELL. I couldn't say.

The CHAIRMAN. Do you know Fred Houser, the attorney general?

Mr. RUSSELL. No, sir; I do not.

The CHAIRMAN. Did you help him in his campaign?

Mr. RUSSELL. No, sir; I did not.

The CHAIRMAN. Make any contributions to campaigns?

Mr. RUSSELL. To campaigns?

The CHAIRMAN. Yes.

Mr. RUSSELL. I have.

The CHAIRMAN. What campaign did you make a contribution to?

Mr. RUSSELL. To Senator Downey.

The CHAIRMAN. When was that?

Mr. RUSSELL. When he ran against——

The CHAIRMAN. Anyway, 6 years ago?

Mr. RUSSELL. I would say so.

The CHAIRMAN. Any others?

Mr. RUSSELL. No, sir.

The CHAIRMAN. How about the national campaigns?

Mr. RUSSELL. No, sir.

The CHAIRMAN. Don't get interested in that?

Mr. RUSSELL. No, sir.

The CHAIRMAN. All right.

Senator TOBEY. How long has this gentleman been your counsel?

Mr. RUSSELL. Pardon?

Senator TOBEY. How long has this gentleman been your lawyer?

Mr. RUYMANN. Do you make any bets from Las Vegas?

Mr. RUSSELL. No, sir, never.

Mr. RUYMANN. Know anybody in Las Vegas?

Mr. RUSSELL. No.

Mr. RUYMANN. Do you know of anyone in San Francisco that uses Las Vegas to place bets?

Mr. RUSSELL. I wouldn't know that, sir.

Mr. DAVIS. To answer your question, Senator, I have known Mr. Russell for some time, as practically everybody in San Francisco does, but I have never been employed by him before.

Senator TOBEY. Who was your counsel before the gentleman on your right?

Mr. RUSSELL. I haven't had counsel, Senator, since Harry Stafford's death.

Senator TOBEY. The question in my mind was this: Prior to engaging in this business as a betting commissioner, did you consult with counsel to see whether it was legal or not?

Mr. RUSSELL. No, sir; I did not.

Senator TOBEY. Did you believe it to be legal or illegal?

Mr. RUSSELL. I thought it was morally all right.

Senator TOBEY. Well, of course, you and I don't interpret the law according to morals.

Mr. RUSSELL. I never considered it one way or the other, sir.

Senator TOBEY. You didn't bring it out in the open, did you?

Mr. RUSSELL. I did.

Senator TOBEY. You tried to conceal it?

Mr. RUSSELL. No, sir.

Senator TOBEY. Therefore you didn't consider it as illegal, is that it?

Mr. RUSSELL. Yes, sir.

Senator TOBEY. And never asked whether it was legal or not?

Mr. RUSSELL. No, sir.

Senator TOBEY. And you thought it was legal?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. What is Schaffer's name in Chicago?

Mr. RUSSELL. L. Schaffer.

The CHAIRMAN. What does he do there?

Mr. RUSSELL. I believe he is a price maker, or he is the man that if I have a commission that I could call, if the odds are correct, that I could place a commission with him. If the commission is placed, and he should win the commission, they don't pay me any commission.

The CHAIRMAN. Do you keep all these people you can call in your



head, the names and telephone numbers? You don't seem to have any records on them.

Mr. DAVIS. May I interrupt, Senator? Everyone is speaking about calling. I am not sure if you understand the situation. Most of this is done by the people coming to Mr. Corbetts, he doesn't call anybody on the telephone.

The CHAIRMAN. I know, but the point I am making is that John Jones comes in and makes a bet and this bet is placed with Jim Smith. I don't see John Jones and Jim Smith's names in his records here.

Mr. DAVIS. I don't think——

The CHAIRMAN. Must have some record that he keeps——

Mr. DAVIS. I think he gives, in most cases, you give a card, tear the card in half, each person gets a card. You don't even know their names.

The CHAIRMAN. He doesn't know their names, he issues checks.

Mr. DAVIS. If he pays by check, but if you will check these itemized—these checks, in fact itemized in here as against the monthly or weekly records, you will find that the great preponderance of these payments are made in cash.

The CHAIRMAN. You don't have a big ledger to keep these peoples' names in?

Mr. RUSSELL. No, I have not, Senator; I don't.

The CHAIRMAN. Mail these checks out through the mail?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. Practically all of them?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. Every one, as a matter of fact. People mail you checks?

Mr. RUSSELL. They do.

The CHAIRMAN. They don't come down to the office to pick them up?

Mr. RUSSELL. They do in many instances; yes, sir.

The CHAIRMAN. Who is it you have signing these checks for you? It isn't you?

Mr. RUSSELL. I sign them.

The CHAIRMAN. You do?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. Who writes them out on the typewriter?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. You do that yourself?

Mr. RUSSELL. Yes, sir.

The CHAIRMAN. Anything else?

Mr. HALLEY. What do you do with your daily records, destroy them?

Mr. RUSSELL. The daily records, as I explained before, we would recap them and 90 percent of them would be on Monday or Tuesday, or perhaps within that week and when they are paid, why, I circle them out and that sheet is paid out, and I have an adding machine strip which shows the amount of business that we have done that day. Then I destroy it, initial the names of the people who may have given these.

Senator WILEY. Why do you do that?

Mr. RUSSELL. Well, no further good to me, the accounts have been closed.

Senator WILEY. Have you ever had the Internal Revenue check you to see whether A, B, and C made any report?

Mr. RUSSELL. I couldn't say to that, Senator. I have been audited and——

Senator WILEY. Have they ever criticized your records?

Mr. RUSSELL. No, sir.

Senator WILEY. Well, in order to help the Government—now, supposing that I made a bet with you for \$5,000 and I won \$5,000, and there is nothing on your records to show that I won it, is that right?

Mr. RUSSELL. If it was a cash transaction? Unless you wanted the payment in cash I have no record of the payment of that; no, sir.

Senator TOBEY. How does the Internal Revenue check upon receipts, just a book like this, a pencil memorandum, a looseleaf ledger? Is that all they require you to keep?

Mr. RUSSELL. They have never instructed me to do otherwise.

Senator TOBEY. Well, supposing you were evilly minded—I know you're not—suppose you were and I am an Internal Revenue man, I want to check up on your income tax and the money paid out, this book, you can take a looseleaf out, you can change those figures around, make anything you want. Whether it is true or not you could do it under this very system here.

Mr. RUSSELL. I wouldn't do it, sir.

Senator TOBEY. I didn't ask you that, I have used a hypothetical case, it could be done, couldn't it, very readily?

Mr. RUSSELL. The total itemization will have to correspond with those figures.

Senator TOBEY. Where do they appear?

Mr. RUSSELL. Well, I have them here.

Senator TOBEY. Don't bother getting them now.

Mr. DAVIS. He has them on his tapes, adding machine tapes: he saves those also.

Senator TOBEY. He could run off another set of those, if he were evilly minded.

Mr. DAVIS. I suppose he could.

Senator TOBEY. You and I have to keep books, we have the stubs of checks, books, have a ledger account, they are the square, honest man's way of doing business. Then they find a fly-by-night man—there isn't anything deliberate here—placed in the hands of those that want to be dishonest——

The CHAIRMAN. I take it you have your check stubs on these checks?

Mr. DAVIS. We have our check stubs, and all the cash.

The CHAIRMAN. What percentage are paid in cash?

Mr. DAVIS. What would you say?

Mr. RUSSELL. I would say, safely speaking, 80 percent.

Senator TOBEY. Paid in cash?

Mr. DAVIS. Incidentally, the Internal Revenue has just finished an audit of all his affairs, and expressed themselves completely satisfied with them.

Mr. HALLEY. Ever bought any copper mining stock?

Mr. RUSSELL. Stocks of any kind I have never bought.

The CHAIRMAN. What is this book over here?

Mr. DAVIS. Check registry. I don't know exactly what you would call it, in the nature of a ledger, shows the expense, the commissions,

but this only covers the matters that are handled by check—in other words, the total figures are in the small black book.

Mr. HALLEY. While you are producing that, I have a hypothetical question. Suppose I came to you and offered to bet \$1,000 on a football game Saturday and the odds were 2 to 1, you went out and you found a fellow that would make the odds 3 to 1 and you placed my bet and I won, would you give me the 3 to 1, or would you keep the extra thousand dollars?

Mr. RUSSELL. No; if your order had been placed at 2 to 1, they were no good at 3 to 1.

Mr. HALLEY. You have gone out and gotten 3 to 1?

Mr. RUSSELL. I beg your pardon?

Mr. HALLEY. Suppose you had gotten 3 to 1?

Mr. RUSSELL. I don't do that.

Mr. HALLEY. Well, sometimes you could? What would you do, just let it go?

Mr. RUSSELL. I don't do that.

Mr. HALLEY. Suppose I call you now and I want to pay 2 to 1 on the Boston Braves playing the Dodgers tomorrow?

Mr. RUSSELL. Yes.

Mr. HALLEY. And then call up Senator Tobey here and because he is very confident that the Dodgers will win, so he says I will give you 3 to 1. What do you do, call me up and say I got you 3 to 1?

Mr. RUSSELL. If the Senator likes 3 to 1 then automatically you hold—I can't handle it.

Mr. HALLEY. Why don't you handle it and keep the difference? Ever do that?

Mr. RUSSELL. No, sir; I do not.

Mr. HALLEY. Basically you have both people covered and both are happy. If all I want is 2 to 1 and you have 3 to 1 from the Senator, you are in a position to take care of it and if he is willing to take 3 to 1 he is happy and you are given a free ride for \$1,000. Isn't that what really happens?

Mr. RUSSELL. I don't do it. No, sir.

Senator TOBEY. I don't see much difference between this person and Frank Erickson, now in jail down there. I think he was imprisoned for just what you were doing, maybe I am wrong.

The CHAIRMAN. His business was bigger business.

Well, anything else?

Mr. HALLEY. Like to hold the records for a day or two while they can be examined. We will be happy to return them.

The CHAIRMAN. We will get them together here and make arrangements with Mr. Davis to get them back to him as soon as we can look them over.

Senator WILEY. I couldn't blame you very much for not giving us names, except as we found on the checks. Have you known of any bets being placed by any known racketeers or gangsters passing through your office?

Mr. RUSSELL. No, sir; I can truthfully say they have never been in my office.

Mr. HALLEY. Have we got all the records? I believe you have copies of the income tax—

Mr. DAVIS. You didn't ask for them.

Mr. HALLEY. Then we have everything.

The CHAIRMAN. All right, thank you.

Mr. DAVIS. I might say in that connection, as Mr. Russell pointed out to you, he doesn't—I believe that he doesn't deal with what you call professional gamblers for the reason that they won't pay him the commission, they won't place the commission.

The CHAIRMAN. Mr. Russell looks like a man who would handle a commission all right.

Mr. RUSSELL. Thank you.

The CHAIRMAN. Not saying it is right to handle. If a person is going to have one to handle I expect you do it all right. Thank you.

Mr. RUSSELL. Thank you.

(Witness excused.)

**TESTIMONY OF DAVID N. KESSEL, PIEDMONT, CALIF., ACCOMPANIED BY HAROLD C. FAULKNER, ATTORNEY, AND MESSRS. PECHART AND MATHEWSON, SAN FRANCISCO, CALIF.**

Mr. FAULKNER. Mr. Faulkner, representing David Kessel, this gentleman. This is Mr. Pechart, and this is Mr. Mathewson of my law firm.

Mr. HALLEY. I would like to take as the witness first, Mr. Kessel.

The CHAIRMAN. Mr. Kessel. What is your name?

Mr. MATHEWSON. Wilbur Mathewson.

The CHAIRMAN. M-a-t-h-e-w-s-o-n.

Mr. HALLEY. The witness will please sit at the witness stand.

The CHAIRMAN. Mr. Mathewson. Your name is?

Mr. FAULKNER. Harold C. Faulkner.

The CHAIRMAN. How do you spell that?

Mr. FAULKNER. F-a-u-l-k-n-e-r.

The CHAIRMAN. Mr. Kessel, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KESSEL. I do.

The CHAIRMAN. All right, gentlemen.

Mr. FAULKNER. Mr. Chairman, I spoke to Mr. Robinson—I know this is a closed hearing and I inquired whether we would receive a copy of the testimony of these two witnesses.

Mr. HALLEY. You may purchase a copy from the stenographer.

Mr. FAULKNER. Pardon me?

Mr. HALLEY. You may purchase a copy from the stenographer on the specific order that it is for the confidential use of the witnesses and their counsel only in connection with the witnesses' own interests and not in any other connection.

Mr. FAULKNER. That is right. I understood that in advance of the hearing.

The CHAIRMAN. You know the reporter and you can—Will you see that Mr. Faulkner has an opportunity to get a copy of Mr. Kessel's testimony? [Indicating to the reporter.]

Mr. FAULKNER. Thank you.

Mr. HALLEY. Mr. Kessel, what is your full name?

Mr. KESSEL. David N. Kessel.

Mr. HALLEY. And what is your address?



Mr. KESSEL. 283 St. James Drive, Piedmont, Calif.

The CHAIRMAN. What city?

Mr. KESSEL. Piedmont.

Mr. FAULKNER. P-i-e-d-m-o-n-t.

Mr. HALLEY. What is your business, Mr. Kessel?

Mr. KESSEL. I am appearing involuntarily under the compulsion of the——

Mr. HALLEY. Pardon me a moment. Are you reading from a prepared statement?

Mr. KESSEL. This is my own statement; this is my own statement.

The CHAIRMAN. How long is that statement?

Mr. HALLEY. Have you notes—you have typewritten notes?

Mr. KESSEL. Well, I can read, and I am trying to help myself so I can, that is, try to stand on my constitutional rights, and I prepared this piece of paper myself——

Mr. HALLEY. Is that a paper you have prepared by yourself and with no assistance?

Mr. KESSEL. I prepared this paper all by myself.

Mr. HALLEY. Your counsel weren't with you when you prepared it?

Mr. KESSEL. I showed it to my counsel.

Mr. HALLEY. You had no assistance from him in preparing it?

Mr. KESSEL. I had it typewritten, that is all. I can't typewrite.

The CHAIRMAN. What is this paper about, Mr. Kessel?

Mr. KESSEL. Well, I will read it to you, Senator.

Mr. FAULKNER. It is the form of his objection to being asked questions.

Mr. HALLEY. You go ahead and read then.

The CHAIRMAN. Let us see how long it is; is it seven or eight pages?

Mr. FAULKNER. It is not.

Mr. HALLEY. May we see the whole thing? It might save a lot of time. Would you just hand it up?

Mr. FAULKNER. I think the witness is entitled to keep his own paper, but I will show you what it is. I have no objection to showing it to you, counsel.

The CHAIRMAN. Just want to see how long it is, see if we can expedite it. Let him read it, go ahead.

Mr. KESSEL. I am appearing involuntarily and under the compulsion of a subpoena served upon me by the committee. Under the circumstances surrounding my being subpoenaed as a witness before this committee I decline to answer the questions on the ground that my answer may incriminate me or may have the tendency to incriminate me. And with respect to the committee I will continue to take that position in respect to any interrogation of me which will have that tendency.

The resolution which created this committee contains very broad powers and including which is the power to inquire into the subject of whether or not various persons are violating either the State or Federal laws respecting various subjects, matters concerning which you are inquiring.

Before appearing before your committee we have read of the highly publicized activity of this committee and particularly we call the committee's attention to the fact that continuously since as early as November 16 the work of the committee has been the subject matter of extensive newspaper articles and very substantial headlines and all

in the local daily papers. At the same time, there has been a highly publicized report of the California Crime Commission and statements attributed to its members. It would interfere with the orderly proceedings of this committee to attempt to read into this record all of this publicity.

Reference is made briefly to part of it. I think the committee will agree that one of the main burdens of all this publicity is the question of whether various people who are witnesses or potential witnesses before this committee has subjected themselves to penalties, forfeitures, or criminal prosecutions in respect to the tax laws of the United States and other laws of the United States.

I would like to call the committee's attention particularly to an article in the San Francisco News under the Los Angeles date line of November 17 entitled "Kefauver committee will check San Francisco figures tax returns." I would like this particular article to be made a part of the record, if I may be permitted to do it, without reading it at length.

The CHAIRMAN. It will be made a part of the record. Let it be called exhibit No. 18.

(Exhibit No. 18 is on file with the committee.)

Mr. HALLEY. May I interrupt just a moment. Is it your sworn testimony that you personally dictated that statement?

Mr. FAULKNER. He didn't testify to that; he had another paper there. We object to the question.

Mr. HALLEY. Please let the witness answer the question.

Mr. FAULKNER. He is entitled to make this objection before the committee.

Mr. HALLEY. I think you are trying to lead the witness, and he is between two lawyers and—

Mr. FAULKNER. I will object—

Mr. HALLEY. No, please, let me finish, sir. I find him hemmed in between two lawyers and I find you are attempting to lead him. I suggest if you have an objection I am going to ask you to state the objection to the Chair. I will state the question again and you may object, if you desire.

The CHAIRMAN. That is an orderly way to do it, Mr. Counsel, ask questions and—counsel is a good lawyer and we have worked together for quite awhile. I think the committee and he endeavors, we think, to ask proper questions. If you have an objection to any question, direct your objection to the Chair and I will rule.

Mr. FAULKNER. I do suggest that the witness is trying to make a statement in an orderly manner as to the grounds upon which he declines to answer the question. I think that he is entitled to finish his statement. When he has finished his statement or has finished his objection he can be cross-examined on the question and the question that counsel wants to ask him.

The CHAIRMAN. The question was whether he had prepared the document he is reading by himself or whether lawyers had prepared it for him. I think that is a proper question.

Mr. FAULKNER. Well, I would object.

Senator TOBEY. Didn't he testify he did? Did I understand you did prepare this yourself?

Mr. KESSEL. I prepared this paper, piece of paper by myself and I showed it to my counsel.

Senator TOBEY. In other words, you prepared the text out of your own mind. After having completed it you showed it to your counsel?

Mr. KESSEL. Yes.

Senator TOBEY. Make any changes in it?

Mr. KESSEL. No changes.

Senator TOBEY. So this that you have been reading to us is your own free will and is your own composition?

Mr. KESSEL. My own piece of paper.

Senator TOBEY. You own the paper, but did you write that yourself?

Mr. KESSEL. I couldn't type it myself.

Senator TOBEY. Did you dictate it?

Mr. KESSEL. I wrote it and then I showed it to my counsel and he thought it was the proper thing for me to have.

The CHAIRMAN. All right, let us go ahead. Read what you have and then we will—

Mr. KESSEL. I will start over again.

Mr. FAULKNER. Don't start over.

The CHAIRMAN. Start where you left off. You made something a part of the record.

Mr. KESSEL. I would like this particular article to be made part of the record, if I am permitted to do it, without reading at length.

The CHAIRMAN. Exhibit 1 to his testimony.

(Exhibit 1, above referred to, appears as follows:)

LOS ANGELES, November 17.—A unique power granted to the Kefauver Senate Rackets Investigating Committee by President Truman will be employed against Bay area underworld figures called before the group when it opens a San Francisco hearing tomorrow, the San Francisco News learned today.

This power is the right to examine otherwise superprivate, secret Federal income tax returns.

Among those whose reports to the Government are slated for scrutiny are Elmer (Bones) Remmer, William N. Pechart, David N. Kessel, Emilio (Gombo) Georgetti, Inez Burns, Sam Termini, alias Sam Murray, and others.

(Subpenas for the San Francisco hearing were served on Pechart and Kessel, East Bay gambling czars; Tom Kyne, betting commissioner, and Lou Wolcher, coin machine distributor. There's a subpoena for Remmer, if he can be found, and one for Syd Wolfe, bar operator. United States marshals said they knew of a Sydney Wolf, but couldn't find any Syd Wolfe.)

Inspectors Frank Ahern and Tom Cahill of the police homicide squad will meet tomorrow to "discuss matters of mutual interest" with Harold G. Robinson, chief investigator of the Senate committee. Mr. Robinson wired a request for the get-together.

Object of the examination will be to determine the profits of gambling and other illegal ventures, and also to weigh the veracity of California Crime Commission charges that Uncle Sam is being cheated out of income taxes.

While the data from income tax returns will not be disclosed in public hearings, they may be included by the Kefauver committee in its final report to the Senate.

The committee declined to identify all of the witnesses subpoenaed to appear at the Seventh Street Post Office for tomorrow's hearing, stating that deputy United States marshals had been having some difficulty locating all of the individuals wanted.

Among those scheduled for questioning are Federal Bureau of Internal Revenue officials accused by the Crime Commission of showing favoritism to notorious characters and with participating in extra-curricular activities which could conflict with their responsibility to maintain official impartiality.

These same accusations are slated for airing before the Federal Grand Jury in Los Angeles today. Because most of the reported offenses occurred in the northern California district, United States Attorney General J. Howard McGrath directed that transcripts of such testimony be sent to United States Attorney Frank Hennessy of San Francisco for possible presentation to a northern jury.

The San Francisco Federal Grand Jury, if it chose, could return indictments on the basis of such transcripts, or else call in witnesses to amplify any or all of the testimony.

Guarantee Finance Co., the San Francisco News learned today, settled back income tax claims by voluntary payment of \$350,000 to the Federal Government.

Mr. KESSEL. It would appear from the article that the committee attempts to use power to go into the subject matter of income tax and income-tax returns, and in this article my name is mentioned. And in the Oakland Tribune on Friday, November 17, which was on the subject of witnesses facing the committee, and the subject of taxes was given wide publicity. Again, to expedite the hearing of the committee I would like the article in the Oakland Tribune to be made part of my statement without reading it into the record. You will observe that the names—

The CHAIRMAN. That will be exhibit No. 19.

(Exhibit No. 19, above referred to, reads as follows:)

PECHART, KESSEL, SUBPENAED; MICKEY COHEN TALKS TODAY—PROBERS CALL SIX BAY MEN

William Pechart and David Kessel, Contra Costa County gambling bosses, were under orders today to appear before the United States Senate Crime Investigating Committee when it opens a 2-day hearing in San Francisco tomorrow.

They and three other Bay area figures have been subpoenaed by United States Marshal Edward J. Carrigan.

He named the others as Tom Kyne, San Francisco betting commissioner; Lou Wolcher, reputed "pin-ball king," and Syd Wolfe, big-time tavern operator.

\* \* \* \* \*

#### SUBSTANTIAL EXPENSES

Senator Kefauver disclosed details last night after spending most of the afternoon talking to Harry Sackman, bookkeeper for Cohen and other Hollywood underworld figures.

Kefauver said Cohen's income since 1947 hasn't been "very substantial but his expenses, as most know, have been most substantial."

As a result the Tennessean said, Cohen "borrowed" more than \$100,000 in 1947, \$50,000 in 1948, and as much in 1949, and so far this year has borrowed \$60,000.

#### LITTLE PAID BACK

The Senator said Cohen apparently borrowed the money to balance his books for net income purposes. The novel feature of the financing, according to the committee, is that Cohen paid very little, if any, of the sums back.

Senator Kefauver said he could not divulge the names of the lenders. Presumably the Senator wants Cohen to do that publicly today.

Kefauver was asked if Cohen would face a congressional contempt charge should he refuse to testify. The Senator replied that problem will be handled when and if it arises. He said there have been no reluctant witnesses thus far in the western phase of the hearings. \* \* \*

Mr. KESSEL. You will observe that the names of Mr. Pechart and Mr. Kessel appear very prominently in the headlines of this issue of the Oakland Tribune.

Further, the subject matter of income tax of another witness heretofore examined as a subject of comment by the chairman of the committee in the Call Bulletin, a San Francisco newspaper on Friday, November 17, 1950, a matter highly publicized, is the claim that the—

income tax evasion by gamblers and racketeers as well as tieups between Federal agents and underworld characters, indicates the situation is widespread.



"There is no question of the need for a Nation-wide congressional investigation of the Internal Revenue Bureau's operations."

In the same issue of the same paper there is a headline: "Hint crime tax sensation due."

In the morning paper, the San Francisco Chronicle of November 17, 1950, emblazoned headlines appearing on the first page: "Senators checking bookies' tax deal."

The articles referred to this committee.

In the San Francisco Examiner of November 17, in an article relating to hearings conducted by this committee, after outlining certain developments at the hearing relating to finance and tax matters and other things, the chairman of this committee is quoted as follows:

"Anything we find interesting," Kefauver declared, "we'll turn over to the Bureau of Internal Revenue, because we cooperate with the Bureau of Internal Revenue."

We wish further to call the committee's attention to the fact in the San Francisco News of November 18, 1950, that is indicating that the transcript of the testimony given before the committee by one of the witnesses will be carefully studied by prosecuting attorneys.

It further appears in the same article that the Treasury agents were checking his highly explosive witness stand statements to strengthen their impending income tax evasion facts.

Under the circumstances, therefore, it is apparent that one of the purposes of the committee's hearing is and very well could be means by which information obtained from witnesses as highly publicized as are Mr. Pechart and Mr. Kessel and may be used in an effort to inflict upon them penalties and threats of criminal prosecution, claims to have occurred with respect to the laws of the United States, that it is required of me, as a witness, that I a layman, vigilant in protecting my own constitutional rights, any position I take myself or through my counsel is taken with full respect to the committee without any desire whatever to be in contempt of its power or authority, but only for the purpose of preserving to me the rights guaranteed to me under the Constitution of the United States.

I am leaving with the committee a copy of the San Francisco News of November 17, 1950, page 1 to 12 thereof; a copy of the Oakland Tribune of November 17, 1950, pages 1 to 16 thereof; a copy of the Call Bulletin of November 17, 1950, the first and second pages, page B and pages 1 to 14 inclusive; a copy of the San Francisco Chronicle of November 17, 1950, pages 1 to 14 inclusive; a copy of the San Francisco Examiner of November 17, 1950, pages 1 and 2, 19, and 20; a copy of the San Francisco News of November 18, 1950, pages 1, 2, 3, 4, 7, 8, 9, and 10.

Mr. HALLEY. Now, with reference to the documents you have just finished reading—

The CHAIRMAN. All right, let the papers be filed as exhibits—let the group of them be filed as exhibit No. 20. Fasten them all together. (Exhibit No. 20 is on file with the committee.)

Mr. HALLEY. With reference to the documents you just finished reading, is it your testimony that you personally prepared those documents, that is, the contents of them?

Mr. KESSEL. When I prepared them I showed them to my attorney, and he said it will be all right.

Mr. HALLEY. How did you prepare them, from scrap paper?

Mr. KESSELL. I had some old paper.

Mr. HALLEY. Did you write them out in pencil or in ink?

Mr. KESSELL. I had a pencil.

Mr. HALLEY. Where did you write them out, at home?

Mr. KESSELL. At home as I went along with this.

Mr. HALLEY. Then you brought the papers to your attorney's office, is that right?

Mr. KESSELL. I can't typewrite myself so I had him——

Mr. HALLEY. Your attorney gave them to a young lady to type up, is that what happened?

Mr. KESSELL. It was typed up by a young lady in the office.

Mr. HALLEY. But entirely your own composition?

Mr. KESSELL. Yes, sir.

Mr. HALLEY. Did your attorneys make any suggestions, changes?

Mr. KESSELL. Well, didn't make any suggestions, said it looked all right. I said "What do you think of it?" They said, "I think it is all right; they can use it."

Mr. HALLEY. Is that substantially the circumstances?

Mr. FAULKNER. Pardon?

Mr. HALLEY. Is that substantially the fact?

Mr. FAULKNER. You're asking me?

Mr. HALLEY. Yes.

Mr. FAULKNER. You're putting me in a very difficult position, don't you think, under the laws of California?

Mr. HALLEY. I don't know.

Mr. FAULKNER. You do.

The CHAIRMAN. Don't answer if you don't want to.

Mr. FAULKNER. I think we should clear this with you. Mr. Kessel—may I ask him a question?

Mr. HALLEY. Surely.

Mr. FAULKNER. Mr. Kessel, that particular paper is a paper where you made some suggestions to me and I dictated that paper, isn't that right?

Mr. KESSELL. That's right.

Mr. FAULKNER. Why didn't you tell the committee?

Senator TOBEY. This contravenes of the truth. In other words, the witness lied to us.

Mr. FAULKNER. He certainly hasn't made——

Senator TOBEY. Well, he has lied to us, what he has done. He has broken his oath he took a few moments ago. Why didn't you come through clean? Before we get through with you you'll wish you had. I am sick of this kind of hypocrisy. Go ahead.

Mr. HALLEY. Continue with any other statement you want to make.

Mr. FAULKNER. Tell the committee how did you get mixed up, Mr. Kessel? I think that in a matter like this I have some standing in the court and committee. I told the witness—now, I read all these cases as to—that there was a necessity for him to make certain that he was claiming the privilege personally. As you know, you have to do that. Now then, as far as that statement is concerned. Mr. Kessel, did you mean to mislead the committee?

Mr. KESSELL. No.

Mr. FAULKNER. Why didn't you tell them——

Mr. KESSELL. I am sorry.

The CHAIRMAN. Well, Mr. Kessel has been guilty of perjury. I don't know whether there is any use of going on with the hearing or not. He first said he wrote this himself and you made no changes in it.

Mr. FAULKNER. Well, he has cleared it up, Mr. Chairman.

The CHAIRMAN. It appears the truth is—he came in and he says he wrote the whole thing.

Mr. FAULKNER. He has cleared it up. It isn't——

The CHAIRMAN. Very well, proceed.

Mr. HALLEY. I would like to get this cleared up by him. What is the fact as you would state it, Mr. Kessel?

Mr. KESSEL. I am nervous when I came in here and I will admit that I am nervous and I never before had to appear to anything like this. And I would suggest why I brought this in here and I took it to my attorney and I had it written out.

Mr. HALLEY. What had you written out?

Mr. KESSEL. I suggested that he write this up for me.

Mr. FAULKNER. That isn't the fact.

Mr. HALLEY. Would you examine your witness to bring out that?

Mr. FAULKNER. Mr. Kessel, in the matter of your preparation for appearance before this committee you indicated to me the problem of the appearing before the committee?

Mr. KESSEL. That is right.

Mr. FAULKNER. Isn't it a fact that I explained to you very carefully that under the law any right to claim a constitutional right must be exercised by you and not by your lawyer and that any objection you make must be in the form that it is your personal objection, isn't that right?

Mr. KESSEL. That's right.

Mr. FAULKNER. All right. Now then, I prepared for you with your help that statement, isn't that right?

Mr. KESSEL. That's right.

Mr. FAULKNER. And it is only your statement in the sense that it is yours and not mine. Now, you conveyed to the committee very definitely that you prepared that whole statement. That isn't a fact, you didn't prepare any part of it, isn't that correct?

Mr. KESSEL. That is correct.

Senator TOBEY. Mr. Witness, may I address you man to man? You come into this room, which is a subcommittee of the United States Senate, a committee of the United States Senate, duly formed and appointed, and we are here on duty. You were subpoenaed to come here before this committee, you sat down in the chair with counsel on either side and we asked you a few questions, and in kindness, man to man, and you gave us the answers after being sworn to tell the truth, the whole truth and nothing but the truth, and you go along. It is evident to every one of the men sitting at this table you never prepared this paper, it had evidence of a legal mind. It was a deliberate falsehood, you perjured yourself before this committee, broke your oath to tell the truth. Counsel had to straighten it out and brings the truth out by his examination, put the cards on the table.

I should say to you, as a member of this committee, I don't know yet, when we get through, mean to examine you at length, ask you very pertinent questions, and you realize the penalty of breaking faith of this committee and perjuring yourself. It means a prison

sentence beyond question. You realize that. Now, I say to you that so far as this committee is concerned, no matter what the questions are, that you answer them truthfully so help you God, or the consequences will be on you, and this committee will take action so quickly you won't know what happened to you.

Mr. FAULKNER. May I say something? Mr. Cole will bear me out. In fairness to these two men, they were subpoenaed to appear before your committee on Saturday. If they had wanted to avoid appearing before your committee, as your committee knows, they could have come into this building Saturday morning, which had only three people with the circuit court, the elevator operator and myself, and could then have gone on our way. I told Mr. Cole, the advice of my clients, that we would come at a time that would be convenient, that they didn't have to do anything, and then we were resubpoenaed—

Senator TOBEY. Of course, Mr. Counsel, I suppose what you say is true.

Mr. FAULKNER. I mean, I can't say anything about Mr. Kessel, I know that he is here to answer every relevant question to which he does not object absolutely truthfully. I know that is certain.

Senator TOBEY. You will admit he made a poor beginning.

Mr. FAULKNER. He has made the worst beginning I have ever seen.

Senator TOBEY. It is amazing.

Mr. FAULKNER. I don't know why he did it, the man is—

Mr. HALLEY. Did you ever go to Los Angeles as a result of a threat to you and your family?

Mr. KESSEL. To my family, arrest?

Mr. HALLEY. A threat.

Mr. KESSEL. No.

Mr. FAULKNER. Please listen to the question.

Senator KEFAUVER. Get the question in your mind and then give your answer after you appreciate what the question is, Mr. Kessel.

Mr. HALLEY. Did you ever go to Los Angeles as a result of a threat which you received?

Mr. KESSEL. No, sir.

Mr. HALLEY. Do you know Mr. Robinson here?

Mr. KESSEL. This gentleman?

Mr. HALLEY. The man on my right.

Mr. KESSEL. I might have seen him, he looks familiar; I wouldn't say for sure.

Mr. HALLEY. Were you ever in Los Angeles police headquarters?

Mr. KESSEL. Yes.

Mr. HALLEY. Were you ever searched in the Los Angeles police headquarters?

Mr. KESSEL. Nobody searched me.

Mr. HALLEY. You were asked to produce whatever cash you had on you?

Mr. KESSEL. That is right.

Mr. HALLEY. You were found to have something over \$5,000 in your pocket, is that right?

Mr. KESSEL. I hadn't that amount of money. I had \$3,100.

Mr. HALLEY. \$3,100?

Mr. KESSEL. That is right.

Mr. HALLEY. Why were you in Los Angeles at that time?



Mr. KESSEL. I had a deal with a fellow that is in moving pictures, I was going to ask him—he wanted me to come down and ask him—see him about a moving-picture right.

Mr. HALLEY. Who was that?

Mr. KESSEL. Jack Schwartz.

Mr. HALLEY. When was this trip to Los Angeles?

Mr. KESSEL. I beg your pardon?

Mr. HALLEY. When was this trip to Los Angeles?

Mr. KESSEL. Oh, might have been about a year ago or so—I think a year ago. I don't remember the exact date.

Mr. HALLEY. Well, was it this year?

Mr. KESSEL. No; it wasn't this year, it wasn't this year.

Mr. HALLEY. Was it a year ago?

Mr. KESSEL. I think about a year ago.

Mr. HALLEY. Did you make any statements to the Los Angeles police at that time?

Mr. KESSEL. I made no statements to them at all outside of my telling them that I don't know what you want with me, and I had been to a restaurant and I came out and happened to have a young lady with me and I got picked up and I says, "What do you want from me?" Well, they said, "You will find out from headquarters."

Mr. HALLEY. At that time were you with a man by the name of James Murray?

Mr. KESSEL. I was with Jimmy Murray. He is a fight promoter and he went down to see, I think, another fight promoter by the name of Babe McCoy. They trade fighters, you know, they lease fighters out.

Mr. HALLEY. Where did you meet Murray?

Mr. KESSEL. Murray and I got on the plane.

Mr. HALLEY. Where?

Mr. KESSEL. In Oakland.

Mr. HALLEY. And you flew directly to Los Angeles?

Mr. KESSEL. That is right.

Mr. HALLEY. And where did you go?

Mr. KESSEL. And we went to the Chapman Park Hotel.

Mr. HALLEY. Did you meet anybody at the Chapman Park?

Mr. KESSEL. We met a lady.

Mr. HALLEY. And did you go from there any place else?

Mr. KESSEL. No, sir.

Mr. HALLEY. Did you go to a night club or restaurant?

Mr. KESSEL. We went to a restaurant to eat.

Mr. HALLEY. When?

Mr. FAULKNER. Please listen to the questions.

Mr. HALLEY. Where did you go?

Mr. KESSEL. We went to—it is a place like, something like Trader Vic's. The first time I have been there in my life. It is——

Mr. FAULKNER. Could I help the witness?

Mr. HALLEY. Yes.

Mr. FAULKNER. You told me it was the Beachcomber.

Mr. KESSEL. That is right, the Beachcomber.

Mr. HALLEY. Who was with you at the table at the Beachcomber?

Mr. KESSEL. Myself, Mr. Murphy, and this lady.

Mr. HALLEY. Did you talk to anyone else at the Beachcomber?

Mr. KESSEL. I don't know anybody else.

Mr. HALLEY. Did you talk to anyone else at the Chapman Park?

Mr. KESSEL. Just registered there and we went in and washed our hands, had a couple of drinks, and went out there in a cab.

Mr. HALLEY. Did you spend any money in excess of \$1,000 in Los Angeles?

Mr. KESSEL. I don't think my bill was—\$15-\$18 at the Beachcomber.

Mr. HALLEY. Did you give anybody else any sums of money?

Mr. KESSEL. No, sir.

Mr. HALLEY. Now, you were arrested when you left the Beachcomber, or picked up by the police?

Mr. KESSEL. I wasn't arrested, just took me in a room.

Mr. HALLEY. Picked up by the police?

Mr. KESSEL. That is right.

Mr. HALLEY. And they asked you how much money you had with you?

Mr. KESSEL. Yes, I told them that was my own money. They said, let me see it. I showed it to them. They took everything, all my credentials and counted the money.

Mr. HALLEY. And how much was there, do you think?

Mr. KESSEL. About \$3,100.

Mr. HALLEY. Do you remember being questioned?

Mr. KESSEL. Beg your pardon? Yes.

Mr. HALLEY. Wasn't Mr. Robinson right there then?

Mr. KESSEL. I don't know. I wouldn't say for sure.

Mr. HALLEY. Did you say that you were in Los Angeles because somebody had called you up?

Mr. KESSEL. Nobody called me up, I had an engagement with a man; I was going to buy some moving pictures rights.

Mr. HALLEY. What was this man's name?

Mr. KESSEL. Jack Schwartz.

Mr. HALLEY. Did you see Schwartz?

Mr. KESSEL. I never saw him that night, they wouldn't let me see him. I said, "You call that man up and ask him if I am to meet him tomorrow morning." They called up at 12 o'clock at night and they came back, "Why you have no date with that man." I said I have a date and to prove it to you I would like to see you tomorrow, put a man in my room, I will pay his salary, and let me go about my business and then I will go home. I have no reason to go outside of that—

Mr. HALLEY. When did you go home?

Mr. KESSEL. I went back at 2 o'clock.

Mr. HALLEY. Took you to the airport and see that you caught a plane?

Mr. KESSEL. Put me on a plane at 2 o'clock in the morning.

Mr. HALLEY. Did you make any statement to the police that you had been threatened?

Mr. KESSEL. No, sir; all I told them that I was robbed once. I was held up in my house.

Mr. HALLEY. Did you make any statements to the press that you had been threatened?

Mr. KESSEL. I don't think there was any press in the house—

Mr. HALLEY. Well, did you tell anybody—

Mr. KESSEL. I didn't tell—

Mr. HALLEY. Let me finish the question.

Mr. KESSEL. Yes, sir.

Mr. HALLEY. Did you tell anybody that you had had a telephone call from someone you didn't know and that you had received numerous threats to bomb your home and harm your family?

Mr. KESSEL. Never told anybody.

Mr. HALLEY. You told that to nobody?

Mr. KESSEL. No.

Mr. HALLEY. You didn't tell that to any newspaper reporters?

Mr. KESSEL. I didn't tell to anybody that I had a threat or that I had a telephone, a mysterious call. I do get mysterious calls, I do get some, but I don't know who they are. I don't believe any—

Mr. HALLEY. Tell the committee about the mysterious calls.

Mr. KESSEL. Well, the men called up right after my robbery, called me up and said, "Better look out, better be careful." "Who is it?" and then they hang up.

Mr. HALLEY. When were you robbed?

Mr. KESSEL. Well, I had this house 3 years, and—I guess about 3 years ago.

Mr. HALLEY. What is your business?

Mr. KESSEL. I am appearing voluntarily under the compulsion of a subpoena served upon me by this committee. Under the circumstances surrounding my being subpoenaed as a witness before this committee I decline to answer the question on the ground that my answer may incriminate me or may have the tendency to incriminate me. With respect to the committee I will continue to take that position in respect to any interrogation of me which will have that tendency.

The CHAIRMAN. Just a minute. Now, the Chair orders you to answer that question, the Chair rules that the question is a proper one and orders you to answer it.

Mr. FAULKNER. Would I be permitted to be heard?

The CHAIRMAN. Yes; in just a minute. Do you refuse to answer the question after being ordered by the Chair?

Mr. KESSEL. I decline to answer it for that reason, my answer may tend to incriminate me.

Senator KEFAUVER. In the future where you want to make your objection can we have this understanding: That we are just assuming that you will cite the same objections you have just read, you just say that "I object, I refuse to answer on the grounds that it might incriminate me." And the Chair will order you to answer the question and then if you refuse to answer it just say that you refuse to answer it.

Now, Mr. Counsel, you wanted to be heard?

Mr. FAULKNER. I want to call the committee's attention to this fact, which you are undoubtedly aware, you have operated, as you know, under a statute that gives you the power to compel a witness to answer. That is on one side. On the other side is the constitutional right of any witness to decline to answer if the answer might tend to incriminate him.

Senator WILEY. Under the State law or the Federal law?

Mr. FAULKNER. Federal law. Now, you have two sections of the Revised Statutes, section 859 and section 860. In the Supreme Court of the United States in *Counselman v. Hitchcock* held 860 was an in-

valid statute on the situation, that it gave the witness no protection. The Supreme Court recently in the Bryan case commented on the fact that you have the anomalous situation in Congress of having an immunity statute, which is a companion of section 860 and they have held the cases are replete that does not give the witness immunity. Now, there is the position of the witness and I have advised him that in my opinion that section 3486, the old section 634 of the United States Code, does not give the immunity, that I don't doubt at all that it was the intention of you gentlemen to give to the gentleman, but then you come into the series of cases and it doesn't make any difference what the view of the committee is, they have no power to enlarge that statute. Now, they have a proper immunity statute, but it has never been enacted in lieu of section 85—

Senator KEFAUVER. The committee rules that if he can refuse to answer a question that might incriminate him of a Federal offense, that does not apply to a State offense.

Mr. FAULKNER. We understand that clearly.

The CHAIRMAN. The question as to what his business is, by any stretch of the imagination would not—I don't see how that would tend to convict him or give evidence against him of a Federal offense.

Mr. FAULKNER. Well, it could very well—

Senator KEFAUVER. Anyway, the Chair ruled that he be required to answer and he has refused. The record is made and let us go ahead to the next question.

Mr. HALLEY. Where do you live?

Mr. KESSEL. 283 St. James Drive.

Mr. HALLEY. Of what city?

Mr. KESSEL. Piedmont, Calif.

Mr. HALLEY. In what county is that?

Mr. KESSEL. That is Alameda County.

Mr. HALLEY. Were you ever in Contra Costa County?

Mr. KESSEL. I never lived there, I have been there, I have been in Contra Costa County.

Mr. HALLEY. You do not live there. Do you have any business there?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair directs you to answer and you refuse to answer; is that right?

Mr. FAULKNER. Yes.

The CHAIRMAN. Let the record show that the Chair directs you to answer.

Mr. FAULKNER. Pay attention to the chairman, Mr. Kessel.

The CHAIRMAN. The Chair directs you to answer that question, and do you refuse to answer?

Mr. KESSEL. I refuse to answer.

Mr. HALLEY. Do you know Mr. William Pechart?

Mr. KESSEL. Yes; I do.

Mr. HALLEY. How long have you known him?

Mr. KESSEL. About 15 years.

Mr. HALLEY. Have you ever had any business relationships with William Pechart?

Mr. KESSEL. I decline to answer.

Senator KEFAUVER. The Chair orders you to answer. You decline?

Mr. KESSEL. I decline.



Mr. FAULKNER. I understand that what he says when he says he declines that he states that fully?

The CHAIRMAN. That is right.

Mr. HALLEY. Between the years 1935 and 1940, what was his business?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer; do you decline?

Mr. KESSEL. I decline.

Mr. HALLEY. Where were you born?

Mr. KESSEL. Rumania.

Mr. HALLEY. When?

Mr. KESSEL. October 31, 1894.

Mr. HALLEY. And when did you come to the United States?

Mr. KESSEL. That was when I was 3 years old.

Mr. HALLEY. And what part of the United States did you first live?

Mr. KESSEL. New York.

Mr. HALLEY. How long did you live in New York?

Mr. KESSEL. I lived there until——

Senator WILEY. Louder, please.

Mr. KESSEL. I lived there until I was about 17 years old.

Mr. HALLEY. Did you attend the public schools in New York?

Mr. KESSEL. Yes, sir.

Mr. HALLEY. How far did you complete your education in New York?

Mr. KESSEL. Oh, I just went through the public school.

Mr. HALLEY. High school?

Mr. KESSEL. No.

Mr. HALLEY. Grammar school?

Mr. KESSEL. That is all.

Senator WILEY. Seventh and eighth?

Mr. KESSEL. Yes; seventh and eighth grades.

Mr. HALLEY. Are you a citizen of the United States?

Mr. KESSEL. Yes, sir.

Mr. HALLEY. When did you become a citizen?

Mr. KESSEL. I voted on my father's papers.

Senator WILEY. I don't hear you.

Mr. KESSEL. I voted on my father's papers.

Mr. HALLEY. You mean by that you became a citizen by virtue of your father's citizenship?

Mr. KESSEL. That's right.

Mr. HALLEY. What is your father's full name?

Mr. KESSEL. Nathan Kessel.

Mr. HALLEY. And do you know when and where he became a citizen?

Mr. KESSEL. He became a citizen in New York.

Mr. HALLEY. Do you know when?

Mr. KESSEL. I wouldn't; he's dead and I wouldn't remember the date.

Mr. HALLEY. Do you remember the year?

Mr. KESSEL. I couldn't; I wouldn't remember the year.

Mr. HALLEY. Where were you living in New York when you think he became a citizen?

Mr. KESSEL. I lived on the East Side, down—I forget the street; it is 35 years ago.

Mr. HALLEY. The borough of Manhattan?

Mr. KESSEL. That is right.

Mr. HALLEY. Have you ever had a passport, an American passport?

Mr. KESSEL. I had—you mean if I was abroad?

Mr. HALLEY. Yes.

Mr. KESSEL. Yes; I had a passport.

Mr. HALLEY. When did you have the passport?

Mr. KESSEL. Right after the First World War I took a trip to Europe.

Mr. HALLEY. And in that passport did you state the basis of your American citizenship?

Mr. KESSEL. I did.

Mr. HALLEY. Have you had a passport since?

Mr. KESSEL. No, sir.

Mr. HALLEY. Where did you live when you obtained your American passport?

Mr. KESSEL. I lived in Oakland.

Mr. HALLEY. Oakland, Calif.?

Mr. KESSEL. That's right.

Mr. HALLEY. From New York did you proceed directly to Oakland?

Mr. KESSEL. Yes, sir.

Mr. HALLEY. With your family, or alone?

Mr. KESSEL. My mother and my brother and my sister.

Mr. HALLEY. And when you came to Oakland, did you work for a living?

Mr. KESSEL. Yes.

Mr. HALLEY. I believe you said you have never been arrested.

Mr. KESSEL. I have.

Mr. HALLEY. Oh, you have. And for what offenses have you been arrested?

Mr. KESSEL. For bookmaking, I guess.

Mr. HALLEY. Where was that?

Mr. KESSEL. When I was in Oakland.

Mr. HALLEY. Were you convicted?

Mr. KESSEL. I was fined; a misdemeanor.

Mr. HALLEY. Do you remember the year?

Mr. KESSEL. No; I don't.

Mr. HALLEY. Approximately?

Mr. KESSEL. I don't—

Mr. HALLEY. Was it before the Second World War?

Mr. KESSEL. Could have been.

Mr. HALLEY. Were you convicted of a crime on any other occasions?

Mr. FAULKNER. Well, I don't think—

The CHAIRMAN. That is a proper question, you will be directed to answer it. The record on what he has been convicted of has been made.

Mr. KESSEL. I was arrested once for bootlegging.

Mr. HALLEY. Were you convicted?

Mr. KESSEL. Yes.

Mr. HALLEY. And what year was that?

Mr. KESSEL. That was during prohibition days.

Mr. HALLEY. Were you fined or imprisoned?

Mr. KESSEL. No; fined, just fined.

Mr. HALLEY. Were you convicted of any other offense?

Mr. KESSEL. That is all.

Mr. HALLEY. Just two convictions. Were you ever arrested without being convicted?

Mr. KESSEL. The California—that Los Angeles deal, I wasn't arrested there and they picked me up, but they let me go home.

Mr. HALLEY. Have you been on trial for any offense within the last year?

Mr. KESSEL. Have I a right to decline?

The CHAIRMAN. You have no right to decline, but if you decline I will rule on the matter.

Mr. KESSEL. I decline then.

The CHAIRMAN. You are ordered to answer the question. You refuse to answer?

Mr. KESSEL. I refuse.

Senator TOBEY. I might add, Mr. Chairman, the witness is so foolish. All these things will come out; we have ways of getting this information. Why not deal as man to man and put the cards on the table? Mr. Counsel, if you see fit to advise your client—that is only proper.

Mr. FAULKNER. I will be very frank with the committee. If it wasn't for the fact that the whole matter of the committee is going to go to every prosecuting agent that there is for someone to use a magnifying glass to see whether they can indict these men for tax frauds—that is a situation which you haven't created, but exists.

Senator TOBEY. You know we will give this information, or have the power to give this information to the proper authorities.

Mr. FAULKNER. May I confer with the witness? I don't think he understood the question; that is all.

(Counsel and witness confer.)

The CHAIRMAN. Very well, he has refused to answer?

Mr. KESSEL. I refuse to answer.

The CHAIRMAN. Next question.

Mr. HALLEY. Now, let us make sure you understand. The question is simply whether you have been on trial during the last year for any offense in Contra Costa County?

Mr. KESSEL. I decline to answer for the reason that I might—

The CHAIRMAN. That is all; you decline. We understand the reason. The Chair orders you to answer and you refuse to answer.

Mr. HALLEY. Have you ever been in Contra Costa County?

Mr. KESSEL. Yes; I have.

Mr. HALLEY. Have you ever been in the city of San Pablo?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer; do you refuse?

Mr. KESSEL. I refuse.

Mr. HALLEY. Have you ever been in the city of Albany, or the town of Albany, Contra Costa County?

Mr. KESSEL. I don't think Albany is in Contra Costa County.

Mr. HALLEY. Have you ever been in the town of Albany, Calif.?

Mr. KESSEL. No, sir.

Mr. HALLEY. Have you ever been in the town of El Cerrito, Calif.?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer; you refuse? Let the record show you did.

Mr. HALLEY. Have you ever been in the town of Richmond, Calif.?

Mr. KESSEL. I refuse to answer; I decline.

The CHAIRMAN. What is the answer?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer. You decline to answer upon order of the Chair?

Mr. KESSEL. I do; I decline.

Mr. HALLEY. Have you ever been in the town of Martinez, Calif.?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer.

Mr. KESSEL. I decline.

Mr. HALLEY. Have you ever been arrested for bookmaking?

Mr. KESSEL. I decline to answer the question.

The CHAIRMAN. The committee orders you to answer it.

Mr. KESSEL. I decline.

Mr. HALLEY. Do you know of a place called the Wagon Wheel?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer.

Mr. KESSEL. I decline to answer.

Mr. HALLEY. Have you ever been in the establishment known as the Wagon Wheel located in Contra Costa County, Calif.?

Mr. KESSEL. I decline to answer the question.

The CHAIRMAN. The Chair orders you to answer.

Mr. KESSEL. I decline.

Mr. HALLEY. Have you ever been in the Wanda Grill, San Pablo, Calif.?

Mr. KESSEL. I decline to answer.

The CHAIRMAN. The Chair orders you to answer.

Mr. KESSEL. I decline to answer for the reason——

Mr. HALLEY. Have you ever been in the 49 Club?

Mr. KESSEL. I decline to answer that.

Mr. HALLEY. Do you know what the 49 Club is?

Mr. KESSEL. I decline to answer.

The CHAIRMAN, I think we will get along better, let the record show, if it is agreeable to the witness and to his counsel, when he declines to answer, unless the Chair states otherwise, that the committee and its chairman will consider that it is a proper question and he will be ordered to answer and that he in turn refuses to obey the order of the Chair.

Mr. FAULKNER. That is quite——

The CHAIRMAN. But if the chairman of the committee finds any question counsel should ask might violate the rights of the witness, the chairman will have the question withdrawn. I think we will save time.

Mr. FAULKNER. That is right.

Mr. HALLEY. Do you know Sheriff James?

The CHAIRMAN. That arrangement is satisfactory with Mr. Kessel and satisfactory with his counsel; is that correct?

Mr. FAULKNER. That is correct. You understand that, Mr. Kessel? In other words, the chairman has indicated that where you have declined to answer, that for the purposes of this record that it will be considered that the chairman has directed you on behalf of the committee to answer and that you have declined, so that you don't have to repeat all of your full objection and the Chair in turn doesn't have to direct you specifically to answer. Do you follow that?



Mr. KESSEL. Yes.

Mr. FAULKNER. And that is agreeable to you?

Mr. KESSEL. Yes.

The CHAIRMAN. Did he say yes it was agreeable?

Mr. KESSEL. Yes.

Mr. FAULKNER. Speak up a little louder because it is hard even for me to hear you.

Mr. HALLEY. Do you know Sheriff James Long?

Mr. KESSEL. I decline to answer.

Mr. HALLEY. Have you ever been at 313 San Pablo Avenue, El Cerrito, Calif.?

Mr. KESSEL. I decline to answer.

Mr. HALLEY. Have you ever been on San Pablo Avenue, El Cerrito, Calif.?

Mr. KESSEL. I decline to answer the question.

Mr. HALLEY. Do you know Carl Neilus, now deceased?

Mr. KESSEL. I decline to answer.

Mr. HALLEY. Did you have any business with Carl Neilus, now deceased?

Mr. KESSEL. I decline to answer that.

Mr. HALLEY. Now, when you told the committee that you had prepared the statement which it now appears your counsel dictated, was it because that your counsel had made it clear to you that you had to personally raise any objection based on your constitutional privilege; is that what you had in mind?

Mr. KESSEL. Will you please repeat it?

Mr. HALLEY. You must have had some reason for telling the committee that you personally prepared the document that you read.

Mr. KESSEL. I was confused with the—I was confused.

Mr. HALLEY. Well, you certainly weren't confused enough to say you had written out a long statement which you never wrote; you wouldn't call that confusion, would you, sir?

Mr. FAULKNER. Mr. Kessel, speak up. The committee is giving you the opportunity to explain your position.

Mr. KESSEL. I am sorry that I made that statement and I know I shouldn't have said it.

Mr. HALLEY. When you said it you knew that you had not made—written that paper out, did you not?

Mr. KESSEL. I was confused about the paper.

Mr. HALLEY. Well, sir, I think when you say you were confused you are still perjuring yourself, because it is perfectly obvious that confusion couldn't result, you did something you didn't do. When you testified did you not well know that you had not written out in longhand the contents of the paper which you read before this committee?

Mr. KESSEL. I didn't.

The CHAIRMAN. You understand the question? Answer it. Read the question.

(Question read.)

The CHAIRMAN. Do you understand the question, Mr. Kessel?

Mr. KESSEL. I refused already.

Mr. HALLEY. Let me ask the question again, slowly and quietly. Didn't you know in your own mind that you had not written out any

paper in longhand when you testified before this committee that you had done so?

Mr. KESSEL. Yes; I did.

Mr. HALLEY. Now, will you tell the committee why you did it?

Mr. KESSEL. I don't know just why I said it. I just was confused, I didn't know.

Mr. HALLEY. Did you have the impression that to preserve your rights it had to be something you made up yourself?

Mr. KESSEL. Well, it could have been.

Mr. HALLEY. I am sorry; I didn't hear you.

Mr. KESSEL. I try to preserve my rights. I am sorry if I said the wrong thing.

Mr. HALLEY. The question is why you said the wrong thing.

Mr. KESSEL. I don't know. I just was confused about the whole thing.

Mr. HALLEY. Well, when you said you knew it wasn't so, didn't you?

Mr. KESSEL. I spoke before I thought.

Mr. HALLEY. You spoke and said you wrote something out on paper that you had told him?

Mr. KESSEL. I did have some little things I wrote on the paper.

Mr. HALLEY. But they weren't the things you read before this committee, is that right?

Mr. KESSEL. They were a few things, but not all.

Mr. HALLEY. Well, not any of it, according to your attorney. He says he dictated it.

Mr. KESSEL. A few things that I wrote from the newspaper and I read in the newspaper I wrote down.

Mr. HALLEY. But they weren't in the statement that was read, were they?

Mr. KESSEL. Not all, no.

Mr. HALLEY. Were they any part of it, now?

Mr. KESSEL. Those dates of the papers and copies that I had, on the copy.

Mr. HALLEY. You mean that you had some notes with the dates of the newspapers?

Mr. KESSEL. Yes, copies.

Mr. HALLEY. But you are not trying again to convey a misimpression, are you?

Mr. KESSEL. No; I am not trying—trying to tell you the truth.

Mr. HALLEY. The truth is what you had on your scraps of paper wasn't the statement that was read, isn't that the truth?

Mr. KESSEL. I had a few words on there, but they don't seem to be there, that is all.

Mr. HALLEY. In other words, you sat and heard your counsel dictate the statement which you read, is that correct?

Mr. KESSEL. I wasn't there when he dictated it.

Mr. HALLEY. You weren't even there. Did you give his stenographer papers or notes to type?

Mr. KESSEL. No; I didn't.

Mr. HALLEY. And when you testified before this committee that you had done so, did you not well know that you had not done so?

Mr. KESSEL. Well, I was confused about the whole thing.

Mr. HALLEY. How could you become confused enough to make up something that had not happened?

Mr. KESSEL. I was just confused.

Mr. HALLEY. You do yourself no good by adding perjury to perjury, sir.

Mr. KESSEL. I know that.

Mr. HALLEY. Now, the question is when you said that you gave the stenographer certain typewritten pages to type——

The CHAIRMAN. Certain pencil papers.

Mr. HALLEY. Certain papers to type, did you not know in your own mind when you said it that it was not true?

Mr. KESSEL. I lied about it.

Mr. HALLEY. And you knew you were lying, did you not?

Mr. KESSEL. No; I was confused about it; I was just confused.

Mr. HALLEY. What do you mean by "confused"? Didn't you know in your own mind that you had not handed the stenographer pages to type?

Mr. KESSEL. Well, I guess it is called a lie; I told a lie.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. How far is this Contra Costa County from where we are now? Does it adjoin San Francisco?

Mr. ROBINSON. Across the bay.

Senator TOBEY. Where does the line come in?

Mr. FAULKNER. It is across the bay.

Senator TOBEY. Berkeley?

Mr. ROBINSON. It is the county adjoining Alameda County on the north.

Senator TOBEY. I see. And this club where these operations are carried on that is under discussion now, is that accessible to us if we went over, be allowed to go in?

Mr. KESSEL. I refuse—I decline to answer the question.

Senator KEFAUVER. Is it accessible so we can go out and see it?

Mr. KESSEL. I have no keys to any club.

The CHAIRMAN. What?

Mr. KESSEL. I have no keys to any club.

Senator TOBEY. I didn't say anything about keys. I asked you this club, this gambling operation going on out there, that we are investigating now, and what you are being examined, part of your operations, is it open to us to walk out there, be accessible to us if we went out there tomorrow?

Mr. KESSEL. I decline to answer that question.

Senator TOBEY. Will you take us out there in a taxicab?

Mr. KESSEL. I decline to answer that question.

Senator TOBEY. Can't you tell me whether you would or you wouldn't?

Mr. KESSEL. I still have to decline to answer.

Senator TOBEY. What was your income last year, the last return you filed with the Federal Government?

Mr. KESSEL. I don't know.

Senator TOBEY. Can't hear you.

Mr. KESSEL. I don't exactly know.

Senator TOBEY. You must know what your return to the Federal Government was?

Mr. KESSEL. I decline to answer that.

Senator TOBEY. Who prepares your income-tax returns?

Mr. KESSEL. I decline to answer that.

Senator TOBEY. You do it yourself, alone?

Mr. KESSEL. I decline to answer.

Senator TOBEY. You did file a return last year, didn't you?

Mr. KESSEL. I decline to answer.

Senator TOBEY. Have you ever been checked up by the Internal Revenue Department on any of your returns for the last 10 years?

Mr. KESSEL. I decline to answer the question.

Senator TOBEY. Have you had any penalties assessed you by the Government for failure to make proper returns?

Mr. KESSEL. I decline to answer that question.

Senator TOBEY. Have you any children?

Mr. KESSEL. No, sir.

Senator TOBEY. Going to decline to answer that?

Mr. KESSEL. I have no children.

Senator TOBEY. Married?

Mr. KESSEL. Yes, sir.

Senator TOBEY. Your wife living?

Mr. KESSEL. Yes, sir.

Senator TOBEY. She live with you?

Mr. KESSEL. Yes, sir.

Senator TOBEY. She file a separate return?

Mr. KESSEL. I decline to answer that question.

Senator TOBEY. What is your net worth today?

Mr. KESSEL. I decline to answer that question.

Senator TOBEY. How many banks do you have money in?

Mr. KESSEL. I decline to answer that question.

The CHAIRMAN. Senator Wiley?

Senator WILEY. Where is your home?

Mr. KESSEL. 283 St. James Drive.

Senator WILEY. In what town?

Mr. KESSEL. Piedmont.

Senator WILEY. Is that—what town is that in?

Mr. FAULKNER. That is a town adjoining Oakland.

Senator WILEY. Is that in Contra Costa County?

Mr. KESSEL. Alameda County.

Senator WILEY. Where?

Mr. KESSEL. Alameda County.

Senator WILEY. Alameda County. And your partner in your operations, what is his name?

Mr. KESSEL. I decline to answer the question.

Senator WILEY. Do you know William Pechart?

Mr. KESSEL. I decline to answer the question.

Senator WILEY. Do you know the district attorney of that county?

Mr. KESSEL. I decline to answer the question.

Senator WILEY. Do you know the sheriff of that county?

Mr. KESSEL. I decline to answer.

Senator WILEY. Now, something was said about your citizenship and you said that you claimed citizenship due to the fact that your father took out citizenship papers.

Mr. KESSEL. That's right.



Senator WILEY. And you don't remember the year that he took out those citizenship papers? Do you remember how old you were at the time?

Mr. KESSEL. I wouldn't know, I might have been 6, 7, 8 years old, I wouldn't know for sure. I don't know how long it takes for them to become a citizen.

Senator WILEY. How old were you when you came to this country?

Mr. KESSEL. About 3, 3, 4 years.

Senator WILEY. Three or four years and you think your father took out papers when you got to be 6 or 7?

Mr. KESSEL. Maybe 6 or 7 years later, I wouldn't know for sure.

Senator WILEY. Do you know Mickey Cohen?

Mr. KESSEL. I have heard of the man.

Senator WILEY. Do you know him personally?

Mr. KESSEL. Met him one time in my life.

Senator WILEY. Ever have any dealings with him?

Mr. KESSEL. Never had any dealings with him whatsoever.

Senator WILEY. Did he attempt to muscle in on any of your matters?

Mr. KESSEL. Never asked me any questions pertaining to those things.

Senator WILEY. Any of his gang ever attempt to muscle in?

Mr. KESSEL. Nobody has bothered me.

Senator WILEY. Did you know Jimmy Ragasa?

Mr. KESSEL. I don't know him.

Senator WILEY. Did you know his personally?

Mr. KESSEL. Never heard of him.

Senator WILEY. Or Frank Niccoli?

Mr. KESSEL. Never knew him.

Senator WILEY. Or Dave Ogle?

Mr. KESSEL. Don't know any of these people.

Senator WILEY. Now, did you have any understanding with one William Pechart as to what you would or would not answer?

Mr. KESSEL. I have no understanding—I decline to answer.

Senator WILEY. Decline to answer that—you understand the question?

Mr. KESSEL. I decline to answer the question.

Senator WILEY. Well, was there a partnership arrangement between you and William Pechart?

Mr. KESSEL. I decline to answer the question.

Senator WILEY. No need of my asking any further questions. Did you ever hear of Frank Niccoli and Dave Ogle, now?

Mr. KESSEL. I don't know these people.

Senator WILEY. Never heard of them?

Mr. KESSEL. I have lived here 35 years, I don't know those kind of people.

Mr. ROBINSON. I have two questions.

Senator KEFAUVER. All right, Mr. Robinson.

Mr. ROBINSON. You make a practice of reading the newspapers?

Mr. KESSEL. I do read them.

Mr. ROBINSON. Have you ever followed an account involving the murder of a police officer in San Jose in which the offender stated that his troubles started with the Wagon Wheel; have you read about that?

Mr. KESSEL. I did read that, saw it in the paper.

Mr. ROBINSON. Have you also—

Mr. KESSEL. I didn't see—I just read one sheet there, I didn't see anything about any Wagon Wheel. I know there was a murder and just read part of it.

Mr. ROBINSON. Have you read newspaper accounts of elderly ladies that have gotten into check difficulties as a result of trouble at the Wagon Wheel, gambling losses?

Mr. KESSEL. No; I haven't.

Mr. ROBINSON. As I recall your testimony, Mr. Kessel, that upon arrival in Los Angeles you went to the Chapman Park Hotel?

Mr. KESSEL. That is right.

Mr. ROBINSON. And from there in company with James Murray you went to the Beachcomber for dinner?

Mr. KESSEL. That is right.

Mr. ROBINSON. Upon coming out of the Beachcomber you were picked up by the Los Angeles police?

Mr. KESSEL. That is right.

Mr. ROBINSON. Now, isn't it a fact, Mr. Kessel, that with the Los Angeles police you went back to the Chapman Park Hotel?

Mr. KESSEL. That is right.

Mr. ROBINSON. And had difficulty arousing Mr. James Murray?

Mr. KESSEL. I didn't have any difficulty arousing him. He had been drinking and he took a cab and went home and when we got back, he was there. I believe he was there, otherwise he might have been in some other department of the police, I wouldn't know.

Mr. ROBINSON. Isn't it a fact also that while you were in police headquarters Mr. Schwartz was communicated with telephonically?

Mr. KESSEL. I asked—

Mr. ROBINSON. Denied he had any appointment with you?

Mr. KESSEL. That is what the police told me, but he told me he didn't deny it. I called him back—I gave a telephone number, I says to call this man up, I have a date with him tomorrow morning. I couldn't see him at night, but I did have a date with him tomorrow, and I was going out to his studio.

Mr. ROBINSON. Was the young lady's name Paula Hill?

Mr. KESSEL. That's right.

Mr. HALLEY. Any relation to Virginia Hill?

Mr. KESSEL. I don't know, just happened to meet her, and the only reason I did go home was because of this woman in the party, nothing wrong. I told him, I says, I will go home providing that you don't tell the newspapers that there was a woman in my company, in our company, and I would have a lot of answers to make at home, and nothing—just had a drink and had something to eat and came back in a cab. And they promised me they wouldn't divulge anybody's name. I said, all right, I will go home on the plane.

The CHAIRMAN. Anything else?

Senator TOBEY. Just a second. I would like to move, Mr. Chairman, the witness be cited by the committee for contempt brought on the grounds of refusal to answer or making false answers and same to be transmitted to the proper agencies for action.

The CHAIRMAN. The committee sitting in executive session—the record will show that Senator Tobey has moved the witness be cited for contempt of the Senate for refusing to answer questions sub-

mitted to him, and also that the committee certify the record to the United States district attorney for this district the recommendation that he be prosecuted for perjury. Second to the motion?

Mr. HALLEY. And for contempt of the committee.

Senator WILEY. I will second the motion.

The CHAIRMAN. Motion seconded by Senator Wiley. All in favor let it be known by saying "Aye."

Let the record show the three Senators present, Senators Tobey, Wiley, and Kefauver voted for the motion.

Mr. HALLEY. May the record show this is a duly constituted subcommittee created by the chairman pursuant to authority voted to him at a committee meeting which took place on November 15, 1950.

The CHAIRMAN. The record will show that and does show it that a quorum of the committee, of the full committee, is present for the purpose of acting under Senator Tobey's motion.

At this point we will put in the record a letter of October 16, 1950, which should be made a part of the record as exhibit No. 21 from the El Cerrito Group Committee.

(Exhibit No. 21 reads as follows:)

OCTOBER 16, 1950.

SENATE CRIME INVESTIGATING COMMITTEE,  
*Washington, D. C.*

(Attention: Senator Estes Kefauver.)

DEAR SENATOR KEFAUVER: Our group of citizens and taxpayers have followed your activities and want to commend you and your committee for the fine job you have done so far. We note that your actions thus far have been confined to gangs and racketeers in the Eastern States, while here in California we now have close on to 11,000,000 people. The point is that the county of Contra Costa in which we live should have someone come here for a thorough investigation of the rackets and the racketeers that control this whole county. The head racketeers of this county and several others, namely, Solano, Yolo, and many others is W. M. Pechart and Dave Kessel. This mobster Pechart is the political and racket boss of this whole section and has operated here unmolested for a period of more than 10 years. We are informed from good authority that he spent a small fortune during the last election to get his crooked puppets in. He had the crew from his bookies, lottery joints, slot-machine henchmen, and much outside goon squad putting up signs and doing any and all dirt that was necessary for them to get back in office. This gang has and is at present controlling all the bookie service exclusively in the above-mentioned counties as well as many other dives in Alameda County and Nevada and Mexico. It is no secret in this county about his being the boss because he boasts to everyone about how his attorneys can protect him. The sheriff has assigned a man Ray Stoffels to look after his end and the DA has given him a man by the name of Marcollo to look after his end. If Pechart is brought in it is suggested that his books and bookkeepers and Mel, his head henchman, be subpoenaed to the hearing. Pechart has told certain ones that he had it straight that your committee was coming here and he had advance tip-off so that he would not be available. This gangster has made millions from rackets without a single arrest in 8 years. Our men have checked his \$225,000 plush headquarters at 317 San Pablo Avenue, El Cerrito, Calif., and have found it to be lighted and wired around the clock as well as guards with machine alarms and guns. We have not paragraphed this letter due to lack of space. We would like to disclose ourselves but for safety reasons we deem it best not due to his tie-up in San Pablo, Pinole, Martinez, Pittsburg, Brentwood, Walnut Creek, Orinda, and all of the unincorporated sections of our county.

Yours for action,

EL CERRITO GROUP COMMITTEE.

The CHAIRMAN. Very bad, you know, that people come here from other countries to be American citizens and they have such little re-



spect for the United States Senate as to perjure themselves before a Senate committee and to refuse to answer obviously fair questions where we are trying to seek out information. I think I can assure you, Mr. Kessel, that you are not going to gain anything by this action today. That will be all.

Mr. Faulkner, Mr. Mathewson, I am glad to see you.

Mr. HALLEY. Off the record.

(Off the record discussion, followed by a brief recess.)

The BAILIFF. Mr. Chairman, I have Mr. Pechart and his attorney here. Do you want to request that they be back tomorrow?

The CHAIRMAN. How would 9 o'clock in the morning suit you?

Mr. FAULKNER. I am at the service of the committee.

The CHAIRMAN. We want to have the chief and his assistants this afternoon, which will consume the rest of the afternoon.

Mr. FAULKNER. Could I address the committee for about a minute before we go back and meet tomorrow?

The CHAIRMAN. Can you, you ask?

Mr. FAULKNER. May I address the committee on a phase of your action today?

The CHAIRMAN. Right now?

Mr. FAULKNER. Yes.

The CHAIRMAN. Go ahead.

Mr. FAULKNER. Is it permissible here?

The CHAIRMAN. Yes, sir.

Mr. FAULKNER. The action of the committee in respect to determining the propriety of the witness' refusal to answer questions is something that is solely in the purview of the committee; but in respect to the recommendation of the committee that there be referred to the United States attorney or the proper public officer the prosecution or possible prosecution of Mr. Kessel for perjury, I would appreciate it if the committee would review that decision. In other words, you have a situation where a man is trying to protect his legal right. Now if I had it, I would like to read you, but I haven't got it, the decision of one of our western judges. In other words, the situation is that he has to be vigilant, and, as you know, he has to do it himself. A premium is placed upon the vigilance of the man and it must be his personal privilege that he exercises.

Now I read the scope of the power of the committee, and the court will observe, or rather, the committee, that in respect to the matters which could not possibly relate to the subject matter of the prosecution of this man, he answered truthfully, I am quite certain, every answer—every question that was material to your committee.

The CHAIRMAN. Mr. Faulkner—

Mr. FAULKNER. The question of who wrote a particular paper from which the witness read in order to secure his constitutional rights to himself is hardly a material matter within the scope of the power of the committee to inquire into.

The CHAIRMAN. Mr. Faulkner, you have made your statement, which the committee appreciates. If you want to file anything else, you may do so; but the committee was here and heard the testimony. There can be no question about the perjury, in our opinion, of the witness in that connection, and we feel it our duty to our committee and to the United States Senate to make the recommendation.



Furthermore, as to the witness trying merely to protect his rights, I think you, Mr. Faulkner, would agree that it was utterly inexcusable for him to refuse to answer some of the questions that we asked him.

Mr. FAULKNER. I could defend them all, Mr. Chairman, I am sure.

The CHAIRMAN. You could do what?

Mr. FAULKNER. I could defend his refusal to answer.

The CHAIRMAN. Even knowing who the district attorney is?

Mr. FAULKNER. Yes.

The CHAIRMAN. If you do, you are a remarkable lawyer, sir. Thank you very much.

Mr. Pechart, you will be back at 9 o'clock in the morning?

Mr. PECHART. Yes, I will.

Mr. ROBINSON. Mr. Chairman, we subpoenaed certain records. Do we have an assurance that they will be produced?

The CHAIRMAN. How about the records called for in the subpoena?

Mr. FAULKNER. We will respond to the subpoena.

**TESTIMONY OF MICHAEL MITCHELL, CHIEF OF POLICE, JAMES ENGLISH, CHIEF OF INSPECTORS, AND FRANK AHERN AND THOMAS CAHILL, INSPECTORS, POLICE DEPARTMENT, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MITCHELL. I do.

Mr. ENGLISH. I do.

Mr. AHERN. I do.

Mr. CAHILL. I do.

The CHAIRMAN. We are glad to have you with us.

You know the problem that we are trying to get at, and we would appreciate any information that you can give us that will help us find out what the over-all problem is, particularly the interstate aspects, and we also want to cooperate with you and any good law-enforcement officers that we can.

Mr. HALLEY. I had thought that rather than ask the witnesses specific questions on the subject of gambling activities and the Mafia, that we ask the chief and his staff if they would care to just tell us about it; if not, we would ask specific questions, but we would rather you went about it in your own way to give the committee what help you can.

Mr. MITCHELL. That is O. K. with me.

The CHAIRMAN. This is Chief Mitchell.

Mr. MITCHELL. Michael E. Mitchell.

Regarding the gambling activity in San Francisco, I would say that the condition of the city is good. We know in the past there have been individuals that tried to violate the law, such as bookmaking, and probably running a crap game or something of that sort, but in every instance where we have received any reports there has been an arrest made and everything done in our power to wipe it out and clear the trouble up. We have been pretty successful. I don't want to sit

here and try to tell you that there isn't somebody who may want to cheat on a game or something like that, which they do, but they do it on their own hook. There is nobody giving the green light from above. I am about the only one that can give that authority, and I will say right now that I have given that to nobody.

We have our captains of our districts who are held responsible for their conduct and the conduct of the officers under them and for any violation of the law in their districts.

In addition to that, we have what we call the bureau of special services. The bureau of special services is answerable directly to me. It is kind of interlink between me and the stations. If we receive numerous complaints that are not taken care of by the station, or if we feel that the station is falling down on anything, then the bureau of special services is given the job to take over and clean it up.

The CHAIRMAN. While we are talking about gambling and what not, are there any big-time operators operating in San Francisco now?

Mr. MITCHELL. No; there is not. To my knowledge, there are no big-time operators in San Francisco.

The CHAIRMAN. How about these betting commissioners?

Mr. MITCHELL. I will say that there are two commission houses. One, Kyne's, formerly was an old bookmaker and he drifted into the commission business, and Corbett's is the other commissioner, which has been going on for years. They are two things that I inherited when I took over in the police department. They, as well as the others, have no authority to violate any law. My orders are specific on that, and the captain and the men on the beat know it. The only reports that have been given me were that they have been checked and found no violations of the law at the time they were checked.

Senator TOBEY. Is it your contention that they are not violating the law?

Mr. MITCHELL. I take my reports from my men, and these reports are that at the time of their visit they found no violations whatever.

Senator TOBEY. Did they look at his records?

Mr. MITCHELL. That I cannot say.

Senator TOBEY. Wasn't it superficial if they didn't look at his books?

Mr. MITCHELL. I don't know; I can't say.

Senator TOBEY. He simply said that he was not doing any business, and that is all?

Mr. MITCHELL. They report to me that they found no violation of the law on their visits.

Senator TOBEY. What do they do there? Here is a man comes before the committee and shows his records; that he is violating the law. And then we ask the chief of police, and you say he isn't. We have no trouble in getting the evidence. We come here to get it, and you are here all the time.

Mr. MITCHELL. I don't want to bring up any point, except as far as we know if he is working on commission he must be doing something that he is getting a commission on.

Senator TOBEY. There is a record in dollars and cents day after day there.

Mr. MITCHELL. My men that went in there to report, they have never told me anything about searching the records.

Senator TOBEY. Didn't you tell them to go back and get the goods on him?

Mr. MITCHELL. It is up to them to make the effort; they have their instructions; they were to try to get the goods, go in and make the bet, whatever was necessary, and they have failed on it and they have been unable to do so.

Senator TOBEY. Let us look at the picture. I will be very frank with you. You are the chief. This is your job. You are in charge, and yet we come down here strangers in a strange town and we have the evidence and we have the books before us; we have them admit to us that they are breaking the law, and there is the dollars-and-cents income. Yet your men are here all the time, and haven't done a thing except walk in and walk out again.

Mr. MITCHELL. I will say this regarding those places: I don't think there is any connection between our department and them. Those places have been going on and have been quoted more or less in the newspapers giving the odds, and we just inherited it.

Senator TOBEY. It is there whether you inherited it or not, and it is your obligation to clean it up; isn't it?

Mr. MITCHELL. That is right.

Senator TOBEY. Have you done it?

Mr. MITCHELL. Our men get orders to go there, and find no violations.

Senator TOBEY. How do you account for it? You do what you are paid to do?

Mr. MITCHELL. That is right.

Senator TOBEY. Does it mean a thing when you don't find a violation, when we come in here for three or four days and find it? How does it look?

Mr. MITCHELL. There is a situation deeper there, too. You are coming in here; maybe the men that had gone in there before are more or less known.

Senator TOBEY. Probably they knew them too well.

Mr. MITCHELL. Maybe.

Senator TOBEY. Couldn't you pick out some new officer that will go in there who will be unknown to them?

Mr. MITCHELL. They do that; they have a right to pick green men, as we call them. We have picked them out and they send them in at various times.

(Discussion off the record.)

Senator TOBEY. That is very evident; but you knew that this was going on at Corbett's, has been for a generation.

Mr. MITCHELL. Corbett's have been going on for quite a while.

Senator TOBEY. They have been breaking the law.

Mr. MITCHELL. That I don't know; I could never get any evidence, only from the reports.

Senator TOBEY. Have you ever tried to place a bet yourself?

Mr. MITCHELL. Those orders have been that the men go and try to make bets. All that I receive are the reports that they give on the return from their investigations myself.

Senator TOBEY. I haven't any more to ask about these pro forma police officers' activities.

The CHAIRMAN. How about this "26" game? Is that supposed to be legal here?

Mr. MITCHELL. The "26" game has been stopped. I do allow it to be played between individuals, not by the man that owns—that is the



proprietor of the cigar store or his clerk. They shoot the game of "26" between customers.

The CHAIRMAN. Is the "26" game legal?

Mr. MITCHELL. You pick out your number and try to make 26 on it. You shoot with 10 dice.

The CHAIRMAN. I think they play "26" with the establishment for merchandise.

Mr. MITCHELL. That is what I mean; yes.

The CHAIRMAN. It is between the store owner and the customer.

Mr. MITCHELL. Well, the store owner, he can't engage in the game.

The CHAIRMAN. You mean it is a customers' game?

Mr. MITCHELL. Yes; no customer can go in and shake against the house, but only a customer shakes; the house don't shake. In other words, you have the game there; you keep the tabulation, and you get your 26 and then you get so many cigars, whatever they pay on the order.

The CHAIRMAN. That isn't bothered; is it?

Mr. MITCHELL. No; it is not.

The CHAIRMAN. Do you find that they are actually playing for money sometimes?

Mr. MITCHELL. There have been arrests made for shaking dice for money, but I can't recall of any cases on the "26" game for money. But this could happen: that they get the merchandise; what the proprietor does, the merchant does, with the man afterward—they could do that at times, but they are supposed to give merchandise.

The CHAIRMAN. Mr. Halley, you may complete the examination.

Mr. HALLEY. Chief, we have heard some evidence indicating that there is a considerable amount of poker dice played in establishments that are supposed to be playing "26." Do you know anything about that?

Mr. MITCHELL. There is no poker dice allowed. If they do, they are cheating on it.

Mr. HALLEY. Do you know whether that is done?

Mr. MITCHELL. I don't know of any case; I received no complaints on it.

Mr. HALLEY. Would it be possible—I would like to frame it this way: Is it very much impossible for any police department to police a great number of establishments that are allowed to have dice on the counter playing "26", to find out whether they are playing "26" or poker dice or some other illegal game?

Mr. MITCHELL. Well, they only have regular dice for "26"; not even supposed—if they have poker dice around there that would lead you to suspect they are shaking poker dice. All the cigar stores have those 10 dice for the game of "26".

Mr. HALLEY. And you don't feel that there is any widespread playing of poker dice?

Mr. MITCHELL. Occasionally we get a complaint, but I haven't received any recently.

Mr. HALLEY. Do you go around and check up or wait until you get complaints?

Mr. MITCHELL. We get complaints, and also the men check up on it.

Mr. HALLEY. Chief, are there any gambling operations in San Francisco that you know of?



Mr. MITCHELL. No. We have the lottery end of it, Chinese lotteries. There have been complaints on that. That is more or less wiped out. Once in a while a Chinaman goes out into the district and starts up these places.

Mr. HALLEY. Are there any recurrences of gambling in Chinatown at this time?

Mr. MITCHELL. In Chinatown from time to time you will get them gambling up there, playing pai gow, Chinese lottery. There have been arrests. I think that this vice squad has made more arrests up there than any other previous squad. They go for a time; then they will sprout up and go again. There is none at the present time. But, of course, I know and everybody else knows that a Chinaman likes to gamble if he gets a chance. He will cheat but nobody has the green light on it.

Mr. HALLEY. Do you know anything about widespread operations at this time?

Mr. MITCHELL. No; I don't.

Mr. HALLEY. Would you say that there are none?

Mr. MITCHELL. None that I know of. I think the gambling is pretty clean here in San Francisco.

Mr. HALLEY. Do you know anything about the Film Row Club?

Mr. MITCHELL. The Film Row Club was formerly on O'Farrell Street. Harry Pelsinger operated there for a while. He has been raided and closed up, and I understand he is in Alameda or someplace else.

Mr. HALLEY. When did you close him up?

Mr. MITCHELL. He was closed about a year or so ago and he was operating there; he was more or less on the wire back and forth with somebody in the East on baseball games.

Mr. HALLEY. Did you recently raid him at the request of one of the Los Angeles police in connection with the arrest of Hymie Miller in Los Angeles, Culver City?

Mr. MITCHELL. I never heard Miller's name before until you mentioned it, and I saw it in the paper.

Mr. HALLEY. Didn't the Culver City police ask you to check the Film Row Club records?

Mr. MITCHELL. Yes; there was a request made to that effect. The bureau of special services handled it; I think, Lieutenant Nicolini.

Mr. HALLEY. Did any of you gentlemen know what was found in the raid? Do you know what records showed up?

Mr. MITCHELL. No.

Mr. HALLEY. The committee are interested in knowing the extent of the operations of Harry Pelsinger at Film Row Club.

Mr. MITCHELL. We had Lieutenant Nicolini out of the bureau of special services up there; whether he turned that over to the district attorney or not, I couldn't say.

Mr. HALLEY. Do you know whether the Film Row Club operated large interstate bookmaking?

Mr. MITCHELL. I don't know.

Mr. HALLEY. Do you know, Mr. Cahill, or Mr. English?

Mr. ENGLISH. I may point out we are in the detective division, which has no jurisdiction or custody of this particular subject. We are in the criminal investigation field, so we would know nothing of these operations.

Mr. HALLEY. Do any of you know anything about the Mafia operations?

Mr. ENGLISH. That is in the criminal field.

The CHAIRMAN. Who is the head of the criminal field?

Mr. ENGLISH. I am.

The CHAIRMAN. Then you are the one to tell us about it.

Mr. ENGLISH. I can tell you about the supervision of it. You are interested primarily in syndicated crime?

Mr. HALLEY. Yes.

Mr. ENGLISH. In January 1948, a new administration came into operation in San Francisco, and we had specific instructions at that time from the mayor of the city to exterminate or eliminate organized crime as such.

We were aware of the fact that some organization existed. It wasn't at that time hardly in our field, although we adopted it into our division and conducted investigations which would tend to prevent this type of criminal operation.

There were several things that made us aware of it and interested us in this particular field. One was a murder which occurred in 1947, which is prior to the time this administration took over, and through that investigation—

The CHAIRMAN. What was that murder?

Mr. ENGLISH. That was the De John murder.

Mr. AHERN. May 7, 1947.

Mr. ENGLISH. As a result of that investigation, it became apparent that there was some Mafia organization existing in San Francisco, and through that organization it was stopped.

We also became interested in other forms of syndicated crime, and our primary function was to collect information regarding this particular phase of it, and we added that to the responsibilities of the homicide squad.

The CHAIRMAN. Tell us what you collected. You say you became aware of the organization.

(Discussion off the record.)

Mr. ENGLISH. I would like to have Inspector Ahern give you the details of the investigation and jurisdiction that we have taken in this particular matter.

The CHAIRMAN. Before he starts, Mr. English, what do you find the Mafia to be? What is the Mafia?

Mr. ENGLISH. Sort of a loose-knit national syndicate dealing in narcotics, extortion, control of legitimate enterprise, and operating throughout the Italian element, not encroaching necessarily upon the other types of nationalities; primarily interested in the Italian field and only able to operate within that field; at least, that is true from our investigation.

Senator TOBEY. Do you think it passes on from father to son?

Mr. ENGLISH. Yes, in a sense and also through the recruiting process; that is, one friend might bring in another man into the organization.

Senator TOBEY. Is there any orthodox method of killing in the Mafia, as far as you can see?

Mr. ENGLISH. They have their preferences, usually not by shooting.

Senator TOBEY. We were speaking of the \* \* \*. Both of those

bodies had the same marks, three bullet holes in a square of about half an inch.

Mr. ENGLISH. There are becoming more and more shooting cases, but they preferred strangulation for a while.

The CHAIRMAN. Do you find anybody who admits he was a member of the Mafia?

Mr. ENGLISH. No; they claim it doesn't exist, but it does exist.

The CHAIRMAN. How do you know?

Mr. ENGLISH. We see evidence of it; we have it here.

The CHAIRMAN. In these files here?

Mr. ENGLISH. Yes.

Mr. HALLEY. Could you go ahead with the evidence you have of the existence of the Mafia? Was it Inspector Ahern who has that matter in charge?

Mr. ENGLISH. That is his direct responsibility.

Mr. AHERN. As the chief said, prior to May 1947—that is, May 9, 1947—was when the body of De John was discovered in the trunk of an automobile over here at Laguna and Greenwich Street about 3 o'clock in the afternoon on a Friday—to make a long story short, this investigation developed that he was killed between 9:30 and 10:30 on the night of Wednesday, May 7, and his body was not discovered until Friday afternoon. He was in his own automobile. He had been garroted. The impressions were on his neck from the particular cord that they used to garrote him with, but they didn't leave the cord. They stripped him of all his belongings so far as anything of material value was concerned. He had a 9-carat diamond ring worth twenty-three or twenty-five thousand dollars and wrist watch, and so on; all his money, which went up into the five figures, we understood. It was supposed to be in five figures, and that was substantiated by the fact that we back-tracked on the negotiations and business that he conducted on that particular afternoon when he came down from Santa Rosa.

To give you the background of Nick De John himself: He was out of Chicago. He was one of the heads of the particular wards and gambling back there. He had connections in Washington, and he had connections naturally in Chicago, and he moved out here to California. He moved up to Santa Rosa, and he resided up there. He bought a \$22,000 home. He resided with his family under the name of John Rossi, changed his name. That was in the spring of '46.

He remained up in Santa Rosa unknown until about March of 1947. And in Santa Rosa he led a very calm life. He went to church every Sunday, and the police department would always see him in the soda fountain with his family. He never left the city up there. And about March he started coming down here, going to the Poodle Dog restaurant out here on Polk Street. The Poodle Dog restaurant was owned by James Franzone, who is the leader of the mob here, whom I never knew at that time. James Franzone comes from Tampa, Fla.; Akron, Ohio; Chicago; and San Francisco. He maintains an address here over at 950 Bay Street. He maintains an address on Geneva Terrace in Chicago. He maintains an address in Akron, Ohio, and relatives and an address in Tampa, Fla. In Tampa, Fla., he was tied in with Paul Antinori, and, of course, Antinori's father at the time, I think it was in the thirties, late thirties or forties. Anti-



norri and Franzone went to Italy. Before they came back Antinori's father was killed, and Franzone was picked up and questioned on that particular killing.

Nevertheless we get back to the Poodle Dog restaurant.

(Discussion off the record.)

Mr. AHERN. About 2 weeks before Nick De John was murdered, Anthony De John sold his house, it was a hurried sale, and he returned to Chicago with his family.

Nick De John when coming to San Francisco, never came to San Francisco on any occasion from March up until May unless he was with his son, his wife, or his wife and his son. He never did come to San Francisco by himself. However, on Sunday, May 4, Mrs. Lena De John, his wife, and a small son, Nicholas De John, took a trip to Chicago for the purpose of, we understood, and she told us, to get into the vault to get some money and send some furniture out here. At that time there were negotiations being made where Nick De John was buying an expensive home up here in the Monterey Boulevard section. She left on a plane on a Sunday evening, and at the time that she left she had dinner at another Italian's house by the name of Pasantino over at 534 Divisadero Street in San Francisco. The Pasantinos are from Chicago; and, of course, there has been transactions in Pasantino's family and also in Zangarelli's, who is Mr. De John's people in Chicago.

Mr. HALLEY. Who was murdered in the Pasantino family?

(Discussion off the record.)

Mr. AHERN. When the time came for the trip to the airport, Tornabene and Calamia and old man Pasantino stayed at home, and the others used two cars and they went down to the airport and they saw Mrs. De John off.

When De John returned to the Pasantino home it was made known at that time he was coming back on this particular Wednesday afternoon at 1 o'clock in the afternoon. Calamia was over at Pasantino's house at 12 o'clock that day; and, of course, Calamia was with him right up until the time that he was murdered.

Getting back to Calamia. Calamia has a long record. He has been in for narcotics, and there is a lot of amazing things about Calamia so far as Democratic Party clubs are concerned in his being involved in politics in Albuquerque, N. Mex., when he was a fugitive on this particular murder.

Calamia had been arrested in Kansas City and Chicago. Then along about, I think it was '45 or '46, there was quite an arrest of Mafias in Kansas City on narcotics, and there was a man by the name of Carl Carramussa who had testified for the Government, who was one that was arrested; and, of course, he turned State's evidence and testified in the Federal court. He later wanted to move back to Chicago, and he wasn't in Chicago very long when he was murdered. And Calamia was arrested as a suspect as being the wheelman on this particular job on Carramussa.

Mr. HALLEY. How was he murdered? Was he garroted?

Mr. AHERN. I will show you. Would you like a picture?

The CHAIRMAN. Have you a picture of Carramussa?

Mr. AHERN. Yes. Have you heard of him?

The CHAIRMAN. Yes; we have heard of him in Kansas City.



Mr. AHERN. He was picked up on that.

Here is the way Nick De John was garroted here [showing picture]. We have had all of those things loaned out. You can see the marks of the garroting here, and that is the section of the neck that we took out in case we got the cord, so we could naturally scientifically show it was the same size cord.

There is the way the body was found in the front of the car.

Carramusa was waiting for his wife to come out in the yard of his house in Chicago, and his little 13-year-old daughter was playing with another little girl when this machine drove up and shot and killed him.

This is Chilo De Angelo who was garroted and rolled up in Chicago—another one that was with Nick De John at one time. This is Chilo De Angelo in life here [indicating]. This is him here.

Senator TOBEY. He is rolled up there?

Mr. AHERN. Yes.

Senator TOBEY. Is that rolling up characteristic of the Mafia?

Mr. AHERN. Yes; they do that sometimes.

I thought I had a picture of Carramusa here. Here is Carl Carramusa.

Calamia was picked up shortly after this murder and he was questioned and he was released by the Chicago authorities. And immediately upon his release he was brought out here by Franzone by train, and he remained in Franzone's apartment over at 950 Bay Street for some time until he located himself—that is Calamia.

Then, of course, Calamia was involved in selling a lot of diamond rings and stuff—that is the whole case broke, where he had been selling to barbers and different ones like that.

Mr. HALLEY. May I just interrupt?

Mr. AHERN. Yes.

Mr. HALLEY. Was Franzone the operator of a number of horse books in Chicago?

(Discussion off the record.)

Mr. HALLEY. Pardon me; are you back to the murder of De John?

Mr. AHERN. Yes.

Mr. HALLEY. Because before you did, I was very much interested to find out if in your statement you brought out or had gotten some proof that Franzone did operate back there?

Mr. AHERN. Oh, yes; he admitted it.

Mr. HALLEY. Did he admit that he was tied up with Hymie Levin?

Mr. AHERN. He was tied in with the Gem Dye Mold Co. with Herman Levin.

Mr. HALLEY. Was he tied in with Murray Humphries?

Mr. AHERN. Jack Perkins was one of them.

Mr. HALLEY. Was he tied up with any wire service in San Francisco?

Mr. AHERN. No; he claimed that he just had—I can get it here for you.

Mr. HALLEY. In particular did he get his wire service from Trans-America?

Mr. AHERN. I don't know whether he got it from Trans-America or the Continental; I don't know.

Mr. HALLEY. We can go into that later then.

Mr. AHERN. Yes; you see I didn't know about this hearing until I got Mr. Robinson's wire, and we have just reams of this stuff. Tom

and I worked until around midnight last night so we could bring up stuff that would be pertinent.

Mr. HALLEY. You were reading from some file.

Mr. AHERN. We have got an awful lot of stuff. We have cards and we have addresses taken from those files. We searched their files. We put them out of business.

Mr. HALLEY. I am frankly trying to find out about the connection with Hymie Levin. The thing became important to the committee, and that is why I brought it up.

Mr. CAHILL. De John was bookmaking in Chicago, and Franzone operated in a particular area where De John was the boss in the book-making.

Mr. AHERN (reading) :

When did you go back to Chicago when you left San Francisco?

He had come to San Francisco and he went back to Chicago.

The CHAIRMAN. Let's conduct this so the reporter can get it.

Mr. AHERN (reading) :

After I got in there a little while I was booking horses.

Where were you booking horses?

In a flat.

What part of town?

On State Street.

That would be off the Loop?

No; right off the Loop.

On the North Side?

Yes.

What ward?

Forty-second ward.

You see, Calamia, when we got him, he had——

The CHAIRMAN. Just a second. Off the record.

(Unreported discussion off the record.)

The CHAIRMAN. Go ahead. When we come to the Los Angeles matter, we will take that up separately.

Mr. AHERN. He says here, "What ward?" "The forty-second."

Here is Leonard Calamia's card from the forty-second ward of the Democratic Club. We found cards on these men of all these particular organizations.

(Discussion off the record.)

Mr. AHERN. Here is Calamia's record. Here is one of his pictures. [Reading:]

Who were you booking for?

He said he was booking alone. Then as we went on, he had an office, he had telephones. [Reading:]

Were you getting service?

Yes.

Who were you getting service from?

Mr. Ragen.

You want to know about the service. Here it is. [Reading:]

Were you getting service?

Yes.

Who were you getting service from?

From Ragen.

With whom did you make the arrangements to get the service?

That I don't know who the fellow is.

Did you take any service from anybody else but Ragen?

No.

That answers your question.

MR. HALLEY. Yes.

MR. AHERN. Now then, we took him on on all these particular characters and those that were involved in the Gem Dye Mold Co.

How did you get into that business?

Through Stacey.

Bob Stacey?

Yes.

Do you know Stacey? What kind of a fellow is he?

At the time I met him he had a bar on Ohio Street with Jack Perkins; the Berkshire Bar.

Was he in the Gem Mold Co. when you met him?

No.

Did you start the business with him?

That's right.

Whose idea was it to start the business?

Stacey's.

What kind of a business was it?

They were supposed to be making dyes.

He put \$3,000 in the business, he stated. [Reading:]

Who else was in the business with you?

Perkins and De John.

That is Nick De John?

Yes.

THE CHAIRMAN. Mr. Ahern, we cannot spend the time on details at any length.

MR. AHERN. That is—what I am trying to give you, are the things of particular interest; I am skipping a lot of it here.

(Discussion off the record.)

Senator TOBEY. Yes.

MR. AHERN. No; there is nothing. We have what they call the habitual criminal law here where a man that is convicted three times is supposed to get life without any consideration whatever for parole, if that is what you mean.

Senator TOBEY. Yes.

MR. AHERN. Yes; we have a State law to that effect, but he wasn't convicted on the case of Nick De John, you see.

Senator TOBEY. Do you think he will suffer the consequences of his singing at the time you refer to?

MR. AHERN. He probably will; I don't know. Anyhow he gave us a very nice statement. And I asked him again on three different occasions to name the particular parties, and he named this Sebastiano Nani, Frank Scappatura, Mike Abati, Tony Lima, and Pasquale Siraguza.

Senator TOBEY. In your conversation with him what did he tell you about the Mafia as an organization?

MR. AHERN. He was afraid of them. They are Sicilians. He is a Sicilian. They stated they wouldn't only get him but would get his wife. They would get the family.

We had quite a time on all those that we questioned, particularly the younger ones like this Frank Tornabene. He got down on his knees; he said he would do anything but tell. He doesn't mind facing anybody, but he would be walking along the street some day and somebody would step out of a dark doorway, and they all get it.

This Calamia never did anything while he was here, any kind of work, but he was fooling around with the purported owners, the

mob that was hanging around down at the Sunland Sales Oil & Cheese Co., which was located at 25 Drumm Street here in San Francisco, and these particular characters had entered the case or connected with this particular concern.

The CHAIRMAN. What is the name of that?

Mr. AHERN. Sunland Sales Olive Oil & Cheese Co. They lost a considerable amount of money down there. We cleaned out their place of records, and they went broke down there. They lost over a hundred thousand, or \$160,000. They would mix sesame oil and some other kind of oil with a little olive oil.

Then in taking their records we learned an awful lot, particularly from their files, their index that they had locked in their desk in their office, which of course brought in this Jack Dragna in Los Angeles and this Giralamo Adamo—that is Momo Adamo.

Mr. HALLEY. How do you mean it brought them in?

Mr. AHERN. It showed their connections with everybody that was in this particular ring.

Mr. HALLEY. Did you get any connection with Profaci in New York?

Mr. AHERN. Yes. We found when we looked up Nani he had a beautiful home down at 120 Twenty-second Avenue in San Mateo. He moved out from Brooklyn, and when he came out from Brooklyn, before he came out he was a racket-control man in the Brooklyn waterfront. And he came out here and established his residence here, probably sent out here, and when we searched the house at the time we arrested him in 1948 and charged him with murder, we found this picture of Momo Adamo who is Jack Dragna's right-hand man down there in Los Angeles, and it says "To my friend Sebastiani Nani."

Mr. HALLEY. How do you tie in Profaci and Mangano?

Mr. AHERN. Philip or Vincent Mangano?

Mr. HALLEY. Vincent Mangano and also Profaci?

Mr. AHERN. We tie them in with Scappatura and with Sam Maugeri and with Franzone and with Campagna. There is a Campagna down on San Fernando Road out of Los Angeles out at Sylmar.

The CHAIRMAN. Let us take up Campagna. Have you found him related to the "Little New York" Campagna?

Mr. AHERN. No; no connection. He was a very heavy dealer in narcotics here. He would come up here, and it was during the time that he came up here he was doing business with Sam Maugeri who since was sent to McNeil Island, and with Charley La Gaipa—he was taken to Santa Cruz; there was 95 tins of opium sold up there and they got Joe Toko for a blind in Chicago on that particular deal.

Mr. HALLEY. That is La Gaipa with Lucky Luciano?

Mr. AHERN. Yes.

Mr. ROBINSON. Mr. Inspector, the committee knows about the whole situation. Mr. Halley asked about Vincent Mangano.

Mr. AHERN. Yes. You see Charley La Gaipa was a relative of the Manganos; Vincent Mangano, and Philip Mangano both were part of the Mafia back there in New York. I have the complete information on the Manganos and the connections with these particular fellows right on this card, including this Sam Lima who has charge of the Mafia in Lodi in this particular area.

Mr. HALLEY. You mean Lodi, N. J.?

Mr. AHERN. Lodi, Calif. That is where Sam Lima's relatives Tom Buffa lived who had been involved in narcotics, and Impastato,



and that other fellow, I can't recall his name, who testified. He was shot and killed up there in Lodi a few months before the Nick De John case.

Mr. HALLEY. That is the case out of which this murder of Carra-mussa came, is that right?

Mr. AHERN. No; this is Tom Buffa. Tom Buffa was killed up in Lodi.

Mr. HALLEY. Go ahead; you are talking about Mangano.

Mr. AHERN. Tom, will you get out the Vincent Mangano file?

Mr. CAHILL. Vincent Mangano was in San Francisco with Franzone at that time and he visited the Poodle Dog.

Mr. ROBINSON. Wasn't his car used out here by one of these principals?

Mr. AHERN. Yes, by Franzone—by Jimmy Franzone. We have the license number of that car.

The CHAIRMAN. Well now, off the record a minute.

(Discussion off the record.)

Mr. HALLEY. I would like to make a suggestion that Mr. Robinson stay around with you and set up the mechanics of the investigation, and then I understand Mr. White will be available to help.

The CHAIRMAN. Suggestion No. 1: We are going to get the reporter and Mr. Robinson, and Mr. White will work out the mechanics with the committee and with you, Mr. Ahern.

Mr. AHERN. Senator Kefauver, we have here a large amount of information.

The CHAIRMAN. This will be a tremendous help to us if we can get just as much as detail as possible so as to get a summary of this operation.

Mr. AHERN. That is right.

The CHAIRMAN. You really, I want to say, have the best collection of information that we have had access to.

Mr. AHERN. I just gave you five or six items.

(Discussion off the record.)

The CHAIRMAN. And Mr. Cahill, what are you?

Mr. CAHILL. Inspector of police attached to the homicide detail.

Mr. HALLEY. May I make as a second part of my suggestion a point, which I believe in view of Chief of Inspectors English's suggestion becomes simpler. It was this: Up to this time all we have is information on the Mafia. We have in the room George White, who is certainly one of the great experts on the Mafia. We have Harold Robinson, and now we have these two gentlemen. It seems to me that this is the point at which we should agree to try to work out a campaign to prove this thing rather than simply get a story. There must be some way to either seize these men, find their records, or find some actual evidence on which we can prove the existence of the Mafia, or get some testimony.

(Discussion off the record.)

Mr. HALLEY. If you gentlemen would stay here and dictate your material, when that is finished and photostats made of all of your documents, would you both proceed to Washington where Mr. Robinson will be with me. I presume that might be done by the end of next week. Perhaps Mr. White can be there. Maybe we can sit down at

that time and plan a campaign of action as against the campaign of simply telling a story.

Mr. AHERN. Let me see if I can find Profaci in here. Here is one.

The CHAIRMAN. Here is a very good suggestion that comes from Mr. Kahn who comes up with them very frequently. What we are really trying to get is this: we want to get the record by name of the person and biography, and then by *modus operandi* or the technique of how they operate, how they kill, how they hijack and how they work and then by narrative description of the individual cases and the times.

(Discussion off the record.)

Mr. AHERN. That is where this Lima and that outfit have their olive-oil outfit. From our investigation we see how far afield they go. They would have a small outfit, equipment where they just take the olive oil out of barrels, and they would sell gallon cans. From our investigation we learned that they shipped the narcotics in a can of olive oil. They would have a round glass tube that would be the same length as the height of the can, so that it would not rattle, and they would put the morphine in it and ship it right in the olive oil.

Mr. HALLEY. What oil company is that?

Mr. AHERN. That was the Sunland Sales Olive Oil & Cheese Co.; now they are out at Twenty-fourth Street.

Mr. HALLEY. Who owned that Sunland Co.?

Mr. AHERN. Scappatura, and we have this Curatola—Frank Curatola, and Cacciola—that is Chicken Joe—had \$50,000 stock and was one of the gang. We got him in San Jose and sent him back to Baltimore and he got 40 years. We have his picture.

Oh, yes; I saw you had Bompensieri down in San Diego.

Mr. HALLEY. Yes.

Mr. AHERN. He is in here.

Mr. HALLEY. What is that olive-oil company?

Mr. AHERN. That is where the mob headquarters were here, in olive oil.

Mr. HALLEY. At what address?

Mr. AHERN. At 21 Drumm Street.

Mr. HALLEY. What is the name of the company?

Mr. AHERN. Sunland Sales Olive Oil & Cheese Co.

Mr. HALLEY. Is that an address easily found?

Mr. AHERN. Yes; that is where we seized all the records, so that we got the employees, anybody that ever had anything to do with it. There was nobody worked there unless he was a Sicilian.

Mr. HALLEY. Before you leave that general subject—

Mr. AHERN. I am still on that. If you go back, you will have some of your men there at Kansas City.

Mr. HALLEY. Yes.

Mr. AHERN. You will find out that—

The CHAIRMAN. Has any other police department gone into this to the extent that you have?

Mr. AHERN. I haven't heard of any.

(Discussion off the record.)

The CHAIRMAN. We must discontinue at this time.

Mr. HALLEY. Mr. Chairman, may I have just about 30 seconds to ask four questions I have here?

The CHAIRMAN. Yes.

Mr. HALLEY. What do you know about the Gold Seal Liquor Co. of Chicago?

Mr. AHERN. I don't know about that.

Mr. CAHILL. Yes; we have it in our file.

Mr. HALLEY. Joe Fusco?

Mr. CAHILL. We have it in our brief. I couldn't say for sure what we have, but I know we have an item on the Gold Seal Liquor Co.

Mr. HALLEY. Have you covered Frank Milano?

Mr. AHERN. Oh, Frank Milano and Tony Milano, we can give you a card that we took on them.

Mr. HALLEY. I just wanted to know whether you have covered them.

What is the story of Daniel Serritella?

Mr. CAHILL. I think he is in here in Nani's book.

Mr. HALLEY. Does he tie in with the Mafia or is it rather with Hymie Levin?

Mr. CAHILL. Serritella?

Mr. HALLEY. Yes, Dan Serritella. He is a former State senator in Chicago.

Mr. CAHILL. We have Serritella in that brief, but only a very short item.

Mr. HALLEY. All right; I understand it is in the briefs. Thank you.

Senator TOBEY. I am amazed at Mr. Ahern's familiarity with these names.

The CHAIRMAN. Inspector English and Chief Mitchell, your generous offer to detail them to us is gladly accepted. We will certainly appreciate it. It will be a tremendous help to us and I think it will be of help to you, too.

Now we must adjourn.

(Discussion off the record.)

The CHAIRMAN. I had in mind telling the press that we had discussed operations of the mafia-type people and narcotics, and the excellent material and records that you have here; that our investigators and our committee are continuing their contacts with you and that you are going to give us further information about it.

Should I say anything about the fact that Inspectors Ahern and Cahill will be detailed with us?

Mr. ENGLISH. I think it could be announced that Inspectors Ahern and Cahill will be detailed with the committee to assist in the investigation not only in San Francisco but in other parts of the country; but as far as making any remarks, I think we should follow the policy of "no comment on the subject material."

The CHAIRMAN. How much are we at liberty to tell the press about what you have told us?

Mr. ENGLISH. Whatever you wish.

The CHAIRMAN. Thank you very much, Chief Mitchell, Chief English, and Mr. Ahern and Mr. Cahill.

(Whereupon, the hearing was adjourned until 9 a. m. Wednesday, November 22, 1950.)





# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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WEDNESDAY, NOVEMBER 22, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE,  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*San Francisco, Calif.*

The committee met in executive session, pursuant to call of the chairman, at 9 a. m., in San Francisco, Calif., Senator Estes Kefauver, (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Rudolph Halley, chief counsel; and Harold G. Robinson, chief investigator.

The CHAIRMAN. Let the record show that Mr. Mathewson and Mr. Faulkner appeared as attorney for Mr. Kessel yesterday and are appearing with Mr. Pechart today.

## TESTIMONY OF WALTER PECHART, EL CERRITO, CALIF., ACCOMPANIED BY MR. MATHEWSON AND MR. FAULKNER, ATTORNEYS

The CHAIRMAN. Mr. Pechart, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PECHART. I do.

The CHAIRMAN. All right, Mr. Halley, you may proceed.

Mr. HALLEY. What is your full name?

Mr. PECHART. Walter Pechart.

Mr. HALLEY. Your address?

Mr. PECHART. 317 San Pablo Avenue, El Cerrito, Calif.

Mr. HALLEY. A subpoena of this committee has been served upon you?

Mr. PECHART. That is correct.

Mr. HALLEY. And that calls for the production of certain books and records, I believe. Do you have those books and records with you?

The CHAIRMAN. Let me get the address.

Mr. PECHART. 317 San Pablo Avenue, El Cerrito.

The CHAIRMAN. The question was whether you produced the books and records required.

Mr. PECHART. I direct the committee's attention to the fact that I am here by compulsion of a subpoena served upon me by the committee. I have not produced them, and the reason I have not produced them is that your subpoena is too vague and indefinite to disclose the particular paper, record, or file which you desire; and so,

lacking in specification and description so wide in its demands that it shows on its face a mere fishing expedition into my private affairs, and that the same was not within the committee's investigation.

I further have not produced them for the reason that your subpoena invades and encroaches upon my constitutional rights under the fourth amendment of the Constitution of the United States. The books are my personal papers and your subpoena constitutes an unreasonable search and seizure. Further option of your subpoena is in respect of the production of records, indicates it is in violation of and encroaches upon my rights under the fifth amendment of the Constitution of the United States and is in violation of that particular portion of the first amendment which provides that no person shall be compelled in any criminal case to be a witness against himself.

The resolution which created your committee contains very broad powers, included in which is the power to inquire into the subject of whether or not various persons are violating either the State or Federal laws respecting various subject matters concerning which you are inquiring.

Before appearing before your committee, we have read of the highly publicized activity of your committee, and particularly we call the committee's attention to the fact that continuously, since as early as November 16, the work of the committee has been the subject matter of extensive newspaper articles, and have expansive headlines in all of our local daily papers. At the same time, there has been highly publicized the report of the California Crime Commission and statements attributed to its members. It would interfere with the orderly proceedings of this committee to attempt to read into this record all of this publicity. Reference is made briefly to part of it.

I think the committee will agree that one of the main burdens of all this publicity is the question of whether various people who are witnesses or potential witnesses before your committee have subjected themselves to penalties, forfeitures, or criminal prosecutions in respect to the tax laws of the United States and other laws of the United States.

I would like to call the committee's attention to an article in the San Francisco News under a Los Angeles date line of November 17, entitled, "Kefauver Group Will Check San Francisco Figures' Tax Returns." I would like that to particularly be made a part of the record, if I may be permitted to do it without reading it at length, it would be—

The CHAIRMAN. It will be exhibit No. 22.

(Exhibit No. 22 is on file with the committee.)

Go ahead.

Mr. PECHART (continuing). I would like this particular article to be made a part of the record, if I may be permitted to do it without reading it at length.

It would appear from this article that the committee intends to use its powers to go into the subject matter of income tax returns. In this article, the name—my name is mentioned.

In the Oakland Tribune of Friday, November 17, 1950, the subject of witnesses facing a quiz on the juggling of taxes was given wide publicity.

Again, to expedite the hearing of the committee, I would like the article in the Oakland Tribune to be made part of my statement, without reading it into the record.

The CHAIRMAN. That will be exhibit No. 23.

(Exhibit No. 23 is on file with the committee.)

Mr. PECHART. You will observe that the names of Mr. Pechart and Mr. Kessel appear very prominently in the headline of this issue of the Oakland Tribune. Further, the subject matter of income taxes of other witnesses heretofore examined is the subject of comment by the chairman of the committee.

In the Call Bulletin, a San Francisco newspaper, of Friday, November 17, 1950, a matter highly publicized, is the claim that the evidence of income tax evasion by gamblers and racketeers, as well as tie-up between Federal agents and underworld characters indicates the situation is wide-spread.

There is no question of the need of a Nation-wide congressional investigation of the Internal Revenue Bureau's operation.

In the same issue of the same paper, there is carried a headline, "Hint crime tax situation due."

In the morning paper, the San Francisco Chronicle of November 17, 1950, an emblazoned headline appears on the first page, "Senators are checking bookies tax deal." The article refers to this committee.

In the San Francisco Examiner of November 17, 1950, in an article relating to the hearing conducted by this committee, after outlining certain developments at the hearing relating to finance and tax matters and other things, the chairman of your committee is quoted as follows—

Anything we find interesting—

Kefauver declared—

we will turn over to the Bureau of Internal Revenue, because we cooperate with the Bureau of Internal Revenue.

We wish further to call the committee's attention to the fact that in the San Francisco News of November 18, 1950, it is indicated that the transcript of the testimony given before the committee by one of the witnesses will be carefully studied by various prosecuting authorities. It further appears in the same article that Treasury agents were checking his explosive witness stand statement to strengthen their own impending income tax evasion charges. Under the circumstances, therefore, it is apparent that one of the proposals of the committee here is and very well could be, by means of which information obtained from witnesses, as highly publicized as our Mr. Pechart and Mr. Kessel are, may be used in an effort to inflict upon them penalties, and in relation to criminal prosecutions claimed to have occurred in respect to the laws of the United States.

It is required of me, as a witness, that I, a layman, must be vigilant in protecting my own constitutional rights. Any position I may take myself, or through my counsel, is taken with full respect to the committee without any desire whatever to be in contempt of its powers or authority, but only for the purpose of preserving to me the rights guaranteed to me under the Constitution of the United States.

I refer to the committee a copy of the San Francisco News of November 17, 1950, a copy of the Oakland Tribune of November 17,

1950, a copy of the Call Bulletin of San Francisco, of November 17, 1950, a copy of the San Francisco Chronicle of November 17, 1950, a copy of the San Francisco Examiner of November 17, 1950, a copy of the San Francisco News of November 18, 1950, pages 1, 2, 3, 4, 7, 8, 9, and 10. The newspapers were left by my counsel for the committee.

The CHAIRMAN. They may be marked as exhibit No. 24.

(Exhibit No. 24 is on file with the committee.)

All right, Mr. Halley.

Let the record show, as it does show, that during the appearances on yesterday, Mr. Kessel was here, and that three Senators, to wit: Senator Tobey, Senator Wiley, and Senator Kefauver, were in attendance during all of his testimony.

Let the record show that the same three Senators are present today.

All right, Mr. Halley.

Mr. HALLEY. Mr. Pechart, the subpoena served upon you calls for the production of, and I quote:

All books, records, canceled checks, memoranda and correspondence relating to any gambling, slot machine, or punch-board enterprises owned, conducted by you for the period 1945 to date.

Is it your contention that you are unable to ascertain from that what books are desired?

Mr. PECHART. I will not bring my books. I will stand on my constitutional rights.

Mr. HALLEY. On what basis? Is it your contention that your books would tend to incriminate you of an offense under the Federal law?

Mr. PECHART. I decline to answer for the reason that my answer might tend to incriminate me.

Mr. HALLEY. Under what laws?

Mr. PECHART. I am sorry, I am not an attorney.

Mr. HALLEY. You have no privilege insofar as your testimony would tend to incriminate you under any State law. Your privilege goes to evidence which would tend to incriminate you under Federal laws.

The CHAIRMAN. Mr. Pechart, it is not necessary—the subpoena orders you to bring the books in. The Chairman now again orders you to bring your books and records specified under subpoena before the committee.

Mr. PECHART. I will not bring my books.

The CHAIRMAN. Do you refuse the direction of the chairman, speaking on behalf of the committee?

Mr. PECHART. I refuse.

The CHAIRMAN. Very well.

Mr. PECHART (continuing). On the grounds stated, I decline. I stand on my constitutional rights.

Mr. HALLEY. You do not know of any Federal laws pertaining to the production of your books and records that might tend to incriminate you?

Mr. FAULKNER. I object to questions of that type.

The CHAIRMAN. That is a proper question.

Mr. FAULKNER. May I be heard very shortly?

The CHAIRMAN. Very briefly.

Mr. FAULKNER. I do not believe it is within the scope of the committee to examine a witness in order that he may retreat from taking



his constitutional privilege of refusing to testify, and it is not the proper scope of the committee, authorized by the United States Senate to conduct an examination to compel a man to whittle away his constitutional rights. Now, the statement of counsel for the committee is not a statement of law that does anything in the way of protecting the witness.

The CHAIRMAN. Very well, the objection is overruled.

Mr. HALLEY. Mr. Pechart, where were you born and when?

Mr. PECHART. I am 58 years of age. I was born in Utah.

Mr. HALLEY. And where have you lived since then, in what States?

Mr. PECHART. In Nevada, California. That's about all.

Mr. HALLEY. Were you educated in the United States?

Mr. PECHART. Yes, I was—what I have, I was.

Mr. HALLEY. Where were you educated?

Mr. PECHART. In—just country grammar schools.

Mr. HALLEY. In Utah?

Mr. PECHART. Can I talk?

Mr. HALLEY. No. In Utah?

Mr. PECHART. No; I was very young when I left Utah.

Mr. HALLEY. Where were you educated?

Mr. PECHART. I have no education.

Mr. HALLEY. Your grammar-school education, where did you get it?

Mr. PECHART. Well, in the countries. I got a little in Chico; that was about all the education I ever had.

Mr. HALLEY. What businesses have you been in?

Mr. PECHART. I refuse to answer that question on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever—

The CHAIRMAN. Wait a minute, the chairman orders and directs you to answer the question.

Mr. PECHART. I refuse to answer the question on the ground that it may tend to incriminate me.

The CHAIRMAN. Then, can we have the same understanding that we had yesterday, Mr. Faulkner, that if the chairman, on behalf of the committee, allows a question to be put to the witness, then, if the witness refuses to answer, it will be considered that the chairman has directed the witness to answer and that he has refused to respond to the direction of the chairman?

Mr. FAULKNER. In other words, that he has refused to answer on the grounds stated?

The CHAIRMAN. Yes; and then that he has been directed by the chairman to answer without going through the formality?

Mr. FAULKNER. In other words, it will be understood. I think the witness should have it clear, the record of procedure would be for counsel to ask you a question, you decline to answer upon the grounds that you have indicated, and after that, then the duty of the chairman of the committee would be to direct you to answer.

Now, we are stipulating that where you have declined to answer that, that declining means that you decline to answer on the grounds stated, and it is stipulated that the chairman has directed you to answer and you have again refused to answer upon the grounds stated.

The CHAIRMAN. You understand that, Mr. Pechart?

Mr. PECHART. Yes, I do and I don't.

Mr. FAULKNER. Well, it avoids the chairman having each time to direct you to answer.

Mr. PECHART. Yes; I understand it now, yes.

Mr. HALLEY. And you agree to it?

Mr. PECHART. If this gentleman asks me a question?

Mr. FAULKNER. No. You waive the requirement that the chairman directed you to answer, that your position would be the same.

Mr. PECHART. Yes; I do.

Mr. FAULKNER. Directs you to answer, if it would be in response to his question.

Mr. PECHART. Yes; I do.

The CHAIRMAN. I want to see that you understand this clearly. When the counsel or any member of the committee or any of the staff of the committee asks you a question and you refuse to answer, the procedure is that, if the chairman feels that it is a proper question, the chairman will order you and direct you to answer, and then you either refuse or not, as you wish. It is quite apparent that where you object to—refuse to answer a question, that we are going through a needless ceremony of me ordering you to answer each question.

Mr. PECHART. I understand.

The CHAIRMAN. So, we will consider that, if the chairman allows the question to be put to you and you refuse to answer, then you have been directed by the chairman to answer, and that you have again refused. Is that understood?

Mr. PECHART. Yes, sir.

The CHAIRMAN. And you agree to that?

Mr. PECHART. Yes, I do.

Mr. FAULKNER. And the words, "I refuse to answer," always mean for our purposes, upon the grounds stated.

The CHAIRMAN. What he read in the beginning is correct?

Mr. FAULKNER. Yes.

Mr. HALLEY. Mr. Pechart, have you ever been in any legitimate business?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Where do you now have your place of business?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know a man named David Kessel?

Mr. PECHART. Yes; I do.

Mr. HALLEY. How long have you known him?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever had any business relationships with David Kessel?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know who Attorney General Howser is?

Mr. PECHART. I refuse to answer that on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of an establishment known as the Wagon Wheel?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you understand the question is to imply whether you ever heard of it?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the town of San Pablo, Calif.?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever been in the town of San Pablo, Calif.?

Mr. PECHART. I refuse to answer the same question.

Mr. HALLEY. Have you ever been in the State of California?

Mr. PECHART. I have.

Mr. HALLEY. Have you ever been in the town of Pittsburg, Calif.?

Mr. PECHART. I refuse to answer the question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the Wonder Grill in the town of San Pablo, Calif.?

Mr. PECHART. Will you repeat that?

Mr. HALLEY. Have you ever heard of the Wonder Grill in the town of San Pablo, Calif.?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever been in the Wonder Grill?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the 49 Club?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever been in the 49 Club?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever been in Contra Costa County, Calif.?

Mr. PECHART. I have been in Contra Costa County.

Mr. HALLEY. Have you ever been in the town of Albany, Contra Costa County?

Mr. PECHART. Yes. Albany is not in Contra Costa County.

Mr. HALLEY. You have been in Albany?

Mr. PECHART. Yes, I have.

Mr. HALLEY. Have you ever engaged in business in the town of Albany?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever been in the town of El Cerrito?

Mr. PECHART. Yes, I have.

Mr. HALLEY. Have you ever engaged in business in the town of El Cerrito?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you ever been in the gambling business?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you ever conducted a race booking operation or business?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever owned or operated a slot-machine device for gambling?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know Sheriff James Long?

Mr. PECHART. Yes, I do.

Mr. HALLEY. How long have you known Sheriff James Long?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you ever had any social relationships with Sheriff James Long?

Mr. PECHART. I refuse to answer that question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever owned, operated, or maintained a dice game?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you ever been convicted——

Mr. FAULKNER. May I interrupt? I think it would help the committee to be permitted to have him make the same answer.

The CHAIRMAN. Oh, yes; he doesn't need to go into the same answer.

Mr. FAULKNER. And it is agreed by everyone that that would include all of the——

The CHAIRMAN. Just say, "I refuse to answer," and we understand that you are refusing to answer on the grounds that you think it might tend to incriminate you.

Mr. HALLEY. The question is; have you ever been convicted of a crime?

Mr. PECHART. Well, I have got to have a little help on that one. When you ask me if I have ever been convicted by paying a fine, would you call that a conviction?

Mr. HALLEY. Yes; it would be.

Mr. PECHART. I refuse to answer on the grounds that it may tend to incriminate me.

The CHAIRMAN. You already got incriminated if you have been convicted and paid a fine. How is that going to incriminate you?

Mr. FAULKNER. I think I should answer that.

The CHAIRMAN. I am asking the witness.

Mr. PECHART. Well, I have been arrested. I will withdraw that—— yes; I have been arrested.

Mr. HALLEY. And on such arrest, have you been convicted?

Mr. PECHART. Yes; I have been convicted.

Mr. HALLEY. And when and where and for what offense?

Mr. PECHART. I refuse to answer on the grounds——

Senator TOBEY. That is a matter of court record if you have been fined and convicted. It is a matter of public record in the courts. Why can't you answer that question?

Mr. PECHART. I refuse to answer the question.

Mr. HALLEY. The committee is entitled to know whether a witness has been before convicted of a crime, and I ask you again.

Mr. FAULKNER. He has answered.



Mr. HALLEY. Upon your arrest, were you convicted? Please let me finish the question and you may object.

Upon your arrest, to which you have testified, arrest or arrests, were you on any occasion convicted of a crime?

Mr. FAULKNER. May I have the question reread?

(Question read.)

Mr. PECHART. What constitutes crime?

Mr. HALLEY. Your lawyer will have to advise you of that.

Mr. FAULKNER. I think he has answered the question in practically identical form.

Mr. HALLEY. Were you convicted on any occasion of any offense against the laws of any State?

Mr. PECHART. Yes. The answer is "Yes."

Mr. HALLEY. Have you ever been convicted of any offense against the laws of the United States?

Mr. PECHART. Yes.

Mr. HALLEY. What offense was that?

Mr. PECHART. I refuse to answer.

Mr. HALLEY. What offense was it in the case of the conviction against the laws of a State?

Mr. PECHART. I refuse to answer.

Mr. HALLEY. On how many occasions have you been convicted of crime?

Mr. PECHART. I refuse to answer.

Mr. HALLEY. Do you know Michael Cohen, known as Mickey Cohen?

Mr. PECHART. Are you referring to Mickey Cohen of southern California?

Mr. HALLEY. Yes.

Mr. PECHART. I do not.

Mr. HALLEY. Do you know Frank Nicolai, or did you know him?

Mr. PECHART. Well, I have got to ask you gentlemen for a little help there. There is a Nicolai family in Contra Costa County.

Mr. HALLEY. No; this is a Frank Nicolai who was associated with a Mickey Cohen.

Mr. PECHART. I do not.

Mr. HALLEY. Do you know Arthur Samish?

Mr. PECHART. I refuse to answer on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you ever seen Arthur Samish?

Mr. PECHART. I refuse to answer the question on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did you know a man named Carl Neallis?

Mr. PECHART. Yes; I did.

Mr. HALLEY. Were you in business with Carl Neallis?

Mr. PECHART. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did you ever visit at the home of Carl Neallis?

Mr. PECHART. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did he ever visit at your home?

Mr. PECHART. The same answer.

Mr. HALLEY. Do you know Francis Collins?

Mr. PECHART. Yes; I do.

Mr. HALLEY. Is he district attorney of Contra Costa County?

Mr. PECHART. Yes; he is.

Mr. HALLEY. Has he ever represented you in any matter?

Mr. PECHART. I refuse to answer on the grounds that it may tend to incriminate me.

Mr. HALLEY. Did he ever represent you in any criminal matter?

Mr. PECHART. The same answer.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Senator Tobey?

Mr. FAULKNER. May I clear up one point? May I speak to the witness?

The CHAIRMAN. You might make it brief, because the witness is not entitled to very much consideration.

Senator TOBEY. Did you write that statement yourself?

Mr. FAULKNER. Excuse me, will you state for the record——

Mr. PECHART. On the advice of my attorney, I made a statement that I refused to answer the question when the gentleman there asked me if I had ever been in the town of San Pablo. I have been in the town of San Pablo.

Mr. FAULKNER. Now, did you hear the Senator's question?

The CHAIRMAN. Perhaps Mr. Halley will want to follow through.

Mr. HALLEY. Have you ever lived in the town of San Pablo?

Mr. PECHART. No; I have not lived in the town of San Pablo.

Mr. HALLEY. Have you ever lived in the vicinity of the town of San Pablo? By that, I mean within 25 miles of San Pablo.

Mr. FAULKNER. That would take the whole county. He has testified where he lives.

Mr. HALLEY. I would like the question answered, in any event.

Mr. PECHART. Yes; I live close to San Pablo.

Mr. HALLEY. How close to San Pablo do you now live?

Mr. PECHART. In within 10 miles, I would say.

Mr. HALLEY. Have you ever had any business in San Pablo?

Mr. PECHART. I refuse to answer that question on the grounds it may tend to incriminate me.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. All right. Senator Tobey?

Senator TOBEY. Did you write that statement yourself?

Mr. PECHART. The statement that I just read?

Senator TOBEY. Yes.

Mr. PECHART. No; I did not write that statement.

Senator TOBEY. Did you dictate it to somebody?

Mr. PECHART. No; it was some of my thoughts. My attorney took care of that.

Senator TOBEY. And you gave him your thoughts and he wrote the statement out?

Mr. PECHART. That's it.

Senator TOBEY. Are you a lover of dogs?

Mr. PECHART. Yes, I am.

Senator TOBEY. Do you keep any?

Mr. PECHART. Yes, I do.

Senator TOBEY. What kind?

Mr. PECHART. I have a rat-tail water spaniel and a Weimaroner.

Senator TOBEY. That is all.

The CHAIRMAN. Senator Wiley?

Senator WILEY. Have any of these questions such as have been propounded to you today been asked by other people of you?

Mr. PECHART. No.

Senator WILEY. Has the internal revenue agent been around to see you?

Mr. PECHART. No.

Senator WILEY. Any agent of the tax department of California been around to see you?

Mr. PECHART. No.

Senator WILEY. Have you ever engaged in political activity?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Senator WILEY. Have you ever made contributions to any political party?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. Have you made any contribution to any individual—political contribution to any individual at all?

Mr. PECHART. The same answer, Senator.

Senator WILEY. Do you want to tell the committee that the answer to such questions would incriminate you?

Mr. PECHART. I refuse to answer.

Mr. HALLEY. Have you consulted with anyone in relation to how the answers to such questions would incriminate you?

Mr. FAULKNER. I don't think it's—

Mr. HALLEY. Now——

Mr. FAULKNER. Just a moment, I have the right to make an objection.

Mr. HALLEY. No; you have not.

The CHAIRMAN. Make your objection to the chairman. We will rule on it.

Mr. FAULKNER. I don't think it is proper for the committee to inquire as to whether or not a person should have legal advice with respect to the matter.

Mr. HALLEY. We are trying to find out.

Mr. FAULKNER. I understand.

The CHAIRMAN. That is all right. The objection has been made and the objection is overruled.

Mr. HALLEY. Will you read the question?

(Question read as follows: "Have you consulted with anyone in relation to how the answers to such questions would incriminate you?")

Mr. PECHART. No, excepting—no one excepting my attorney.

Senator WILEY. Have you any objection to telling the committee what your sources of income are?

Mr. PECHART. Yes. I refuse to answer that question.

Senator WILEY. Have you any objection to telling the committee how much your income is?

Mr. PECHART. The same answer, Senator.

Senator WILEY. And that is all based on the idea that, if the committee had that information, it would have a tendency to incriminate you?

Mr. PECHART. I refuse to answer that question on the same grounds.

Senator WILEY. Are you married?

Mr. PECHART. Yes; I am.

Senator WILEY. Have you a family?

Mr. PECHART. No, sir.

Senator WILEY. No children?

Mr. PECHART. No, sir.

Senator WILEY. There was one question asked by counsel sometime ago, and that was whether you had any objection to telling the committee what legitimate businesses you have ever been engaged in. Have you any objection to telling what legitimate business you have been engaged in?

Mr. PECHART. Yes, I have.

Senator WILEY. Do you want to tell why?

Mr. PECHART. I will stand on my constitutional rights.

Senator WILEY. Do you think you have a constitutional right to refuse to tell this committee what legitimate businesses you have been engaged in?

Mr. PECHART. I think I have a constitutional right to answer your question.

Senator WILEY. Yes. I think you have a constitutional right, and we are asking you to exercise that right.

Mr. PECHART. I refuse to answer that question.

Senator WILEY. That's all.

The CHAIRMAN. Let me ask one or two questions.

Do you own your own home?

Mr. PECHART. Yes; I do, part of it.

Senator WILEY. What do you mean by part of it?

The CHAIRMAN. When did you buy it?

Mr. PECHART. I didn't buy it; I built it.

The CHAIRMAN. How much did it cost you to build?

Mr. PECHART. I refuse to answer that question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Do you have a mortgage on your home?

Mr. PECHART. I refuse to answer that question.

The CHAIRMAN. Do you own any business property?

Mr. PECHART. I refuse to answer that question.

The CHAIRMAN. Did you own any business property 10 years ago?

Mr. PECHART. I refuse to answer that question.

The CHAIRMAN. Now, the chairman, on behalf of the committee, will say that there is no law that the chairman knows about, the violation of which has a longer statute of limitations than 10 years. The chairman will ask you whether prior to 10 years ago you were engaged in any gambling activities; prior to 1940, were you engaged in any gambling activities.

Mr. PECHART. I refuse to answer the question on the grounds that it may tend to incriminate me.

The CHAIRMAN. Have you ever had any connection or ever secured wire service prior to 10 years ago?

Mr. PECHART. I refuse to answer that question.



The CHAIRMAN. Were you engaged in any interstate transactions in connection with gambling prior to 10 years ago?

Mr. PECHART. I stand on my constitutional right.

The CHAIRMAN. You refuse to answer. Have you ever been engaged in the narcotics traffic?

Mr. PECHART. No, sir.

The CHAIRMAN. Have you gotten any wire service for any operation?

Mr. PECHART. You asked me a question if I have ever been in the narcotic business, and my answer was no, and then you come back if I have ever gotten a wire service for what?

The CHAIRMAN. For bookmaking operations.

Mr. PECHART. I refuse to answer on the grounds that it may tend to incriminate me.

Senator TOBEY. Did you talk to Mr. Kessel?

Mr. PECHART. For a few minutes.

Senator TOBEY. Did he tell you what happened?

Mr. PECHART. Yes, he did.

Mr. HALLEY. I have a question.

The CHAIRMAN. All right.

Mr. HALLEY. Eliminating entirely any activities of your own, would you state to the committee whether, in the past 5 years you have observed any gambling in Contra Costa County?

Mr. PECHART. I refuse to answer the question.

Mr. HALLEY. I am excluding from the question any activities in which you were connected directly or indirectly.

Mr. FAULKNER. Under those conditions he couldn't observe them.

Mr. HALLEY. The question is——

Mr. FAULKNER. Well, I object to the question; it is unintelligent.

Mr. HALLEY. Mr. Chairman, we have got a question.

The CHAIRMAN. What is that, Mr. Halley?

Read the question and the objection.

(Question read as follows:)

Eliminating entirely any activities of your own, would you state to the committee whether, in the past 5 years you have observed any gambling in Contra Costa County?

Mr. PECHART. I refuse to answer the question.

Mr. HALLEY. I am excluding from the question any activities in which you were connected directly or indirectly.

Mr. FAULKNER. Under those conditions he couldn't observe them.

The CHAIRMAN. The objection is overruled. What is your answer?

Mr. PECHART. I refuse to answer.

Mr. HALLEY. Have you, during the past 5 years, seen any slot machines in Contra Costa County, excluding from my question any slot machines with the operation of which or the ownership of which you directly or indirectly were connected?

Mr. PECHART. I refuse to answer the question.

The CHAIRMAN. What was your occupation 10 years ago, prior to 10 years ago?

Mr. PECHART. I refuse to answer the question.

The CHAIRMAN. Well, we are not getting anywhere.

Senator TOBEY. Having in mind the exhibit of refusal to answer questions, and since this morning, I have no recourse but to make the same motion, to cite him for contempt for refusal to answer the questions of the committee.

The CHAIRMAN. The full committee being in session, the motion has been made by Senator Tobey that the committee recommend to the United States Senate contempt proceedings against William Pechart for refusing to answer questions propounded to him by the committee, and for refusing to obey the subpoena issued by the committee directing him to bring in certain books, records, papers, as described in the subpoena. The subpoena will be made a part of the record at this point.

Do I heard a second?

Senator WILEY. Second it.

The CHAIRMAN. The motion is seconded by Senator Wiley. All in favor, let it be known by saying "Aye."

Let the record show Senator Wiley, Senator Tobey, and Senator Kefauver have voted for the motion, and counsel is instructed to immediately prepare for submission to the United States Senate the necessary resolution asking the Senate to vote a contempt proceedings and to direct the United States attorney for the northern district of California to proceed with all due expedition with the contempt proceedings against this person.

That is all.

Mr. FAULKNER. At the outset of the hearing yesterday, you indicated that we would have a copy of the transcript by process.

The CHAIRMAN. You can have a copy.

Mr. FAULKNER. The witness is excused?

The CHAIRMAN. Yes; the witness is excused.

(Witness excused.)

The CHAIRMAN. Now, I told Senator Tobey that we had already made arrangements to have some other members of the Internal Revenue Department in at 1:30, but we wanted to have Mr. Burkett's testimony at this time.

### TESTIMONY OF WILLIAM BURKETT, SACRAMENTO, CALIF.

The CHAIRMAN. All right, let's proceed.

Mr. HALLEY. Your full name?

Mr. BURKETT. William A. Burkett.

Mr. HALLEY. What is your address?

Mr. BURKETT. 1567 Fortieth Street, Sacramento.

Mr. HALLEY. What is your occupation?

Mr. BURKETT. I am executive vice president of an employers' association.

Mr. HALLEY. What is the association?

Mr. BURKETT. Inter-Association Unemployment Insurance Committee, a California corporation.

Mr. HALLEY. Since when have you held that position?

Mr. BURKETT. As of August 15, or August 16, 1950.

Mr. HALLEY. Prior to August 15, 1950, what was your occupation?

Mr. BURKETT. Special agent, Intelligence Unit, United States Treasury.

Mr. HALLEY. For how many years were you a special agent of the Intelligence Unit?

Mr. BURKETT. Four years and about nine months.

Mr. HALLEY. What were the circumstances of your leaving the Intelligence Unit? Did you resign?

Mr. BURKETT. I resigned on personal reasons.

Mr. HALLEY. Was that a voluntary resignation?

Mr. BURKETT. Yes, sir.

Mr. HALLEY. At the time of your resignation, were there any charges whatsoever against you, known to you?

Mr. BURKETT. No, sir.

Mr. HALLEY. Prior to becoming an agent for the Intelligence Unit, what was your occupation?

Mr. BURKETT. I graduated in law, I had knowledge of accounting, I was formerly with five former FBI agents in a company protective group for a large corporation. I was agent in charge of it.

Mr. HALLEY. You graduated in law from where?

Mr. BURKETT. From California Associated College in Los Angeles, but my basic work was done at the University of Omaha and Creighton Law School, Omaha, Nebr.

Mr. HALLEY. Are you a member of the bar?

Mr. BURKETT. No; I am not, sir. I have never taken the bar examination.

Mr. HALLEY. You have never taken the bar examination?

Mr. BURKETT. No.

Mr. HALLEY. For what company did you do protection work?

Mr. BURKETT. For Montgomery Ward & Co., sir.

Mr. HALLEY. During what year?

Mr. BURKETT. From 1942 to—let's see—1941; and after Pearl Harbor, I volunteered, I couldn't get into the service—some health difficulties. I then went—was asked to come to the War Production Board. I started as a special agent and finished as regional head for the law enforcement, for the War Production Board, and I went into the Coast Guard Intelligence as a specialist in the district intelligence office and served as head of the secret and confidential department in the Twelfth Naval District, and was prosecutor for subversive and undesirables on the water front under an executive ordinance.

Then, after getting out of the service, I went back to the War Production Board, and there my job has been—the district manager had replaced me. I didn't feel I wanted to stay with the Government under that condition. I didn't want to—so I had an offer to go with a farm cooperative as a purchasing agent. So I went there, and because of—I really wanted into law enforcement again. I went to the Civil Service and they interviewed me and gave me a job with the Intelligence Unit, so there is where I stayed the last approximately 5 years.

Mr. HALLEY. At what salary did you enter the Intelligence Unit?

Mr. BURKETT. I left here, I think it was about—

Mr. HALLEY. Or what grade?

Mr. BURKETT. I went in as a CAF-9.

Mr. HALLEY. At what grade did you leave?

Mr. BURKETT. CAF-11.

Mr. HALLEY. Have you ever been fired from any job?

Mr. BURKETT. I have resigned where I felt that things have gone wrong, and that explanation was pretty well clarified.

Mr. HALLEY. Would you state it to the committee?

Mr. BURKETT. Back in February, in 19—let's see, it was 1939, I was associated with the Bankers Life of Nebraska, and my uncle had been United States Senator from Nebraska and friendly with the



family that owned the Bankers' Life. The owner, Mr. Wilson, was a close member of the family. I was in his home and we were talking about war and so forth, and I decided that because of certain trends, my friends had asked me to enter the battle against Charlie Bryan. I did, with the understanding I would not be fired or dismissed in case I lost. Mr. Wilson thought it was a very admirable thing and said nothing to anybody else. I was dealing on an echelon of the president and I was the head of the department which reviewed the special beneficiary agreements attached to the law department, and I filed for office and then was off the ballot, and then one bright morning, why, the personnel manager told me I had no business of doing this and therefore I was through. I said, "Well, take it up with the president of the company." It was always understood in his home, but because I had explained I was getting married and I didn't want any problems to come up on getting married, so they did fire me, but as of Mr. Wilson taking it up with the law department, they changed it and it was a resignation, and instead of firing—I think if he had probably checked it with the president, it wouldn't have come about—and I at that stage was offered a job with these five special agents making up this company protective service for Montgomery Ward, so everything—I got my girl, we got married, and things worked out all right.

Senator TOBEY. Who was the United States Senator you are the nephew of?

Mr. BURKETT. My uncle was Elmor J. Burkett.

Mr. HALLEY. Are there any other instances of your having had difficulties on a job?

Mr. BURKETT. No.

Mr. HALLEY. How old are you?

Mr. BURKETT. Thirty-seven, sir.

Mr. HALLEY. Now, Mr. Burkett, the committee understands that you have certain information with respect to the conduct of the Bureau of Internal Revenue, Intelligence Unit, and perhaps the collectors' office. Would you go ahead, in your own way, and tell the committee what you have?

Mr. BURKETT. There is the case of Gertrude Jenkins, S. I. 34029 F., who was a convicted abortionist.

The CHAIRMAN. What is her name?

Mr. BURKETT. Gertrude Jenkins. She made out a full confession of her intent to evade and defeat the income-tax laws, and there was no problem whatsoever as to the computation of tax. The work was all done before she made a full confession, but when confronted with the facts, she wanted to confess. She made out her confession under oath, and the case was expedited through our entire office.

Senator WILEY. What is her residence?

Mr. BURKETT. San Francisco, sir. In fact, the attorney wanted her to plead guilty and run her sentence concurrently with her State sentence. In fact, everybody was very happy about this whole case because it went through so perfectly. I mean, no one questioned it. A son-in-law, Mr. Halley, a convicted narcotic peddler, came to the office at the last point and sneered that this woman would never go to the Federal pen; he knew certain people who would prevent it. Well, it was one of those idle boasts which I paid no attention to at the time,



just made a notation in the file. I still have it. Nothing was thought about it until later, and they sent it to me for my opinion. I just went out and found the following facts: (1) The attorney for Mrs. Jenkins had been bothered during this entire intervening time of the year with a report that his client had paid \$5,000 to an official of the Bureau of Internal Revenue to fix this case; and when I heard that, I immediately reported it to Mr. Reid, our special agent in charge, as well as my immediate superior, and I had the assurance that Mr. Schino was a man of long standing of our office and had a fine record and so forth. I came from a training director of the FBI who told us not to work with crystal balls, but to get facts, but I didn't question Mr. Reid's wisdom because he is a very experienced man. I questioned Mr. Schino, however, in my own mind. I had nothing to go on. I checked with other people and there were rumors, but that isn't conclusive, so finally I asked Mr. Booker, the attorney for Mrs. Jenkins, to get this man into the room and let him tell his story.

The CHAIRMAN. Where is Mr. Booker?

Mr. BURKETT. Mr. Carroll Booker is an attorney in San Francisco in the Mills Building. So he was ill during some stages of the operation. I again asked Mr. Reid if they were going to do anything on Mr. Schino, and there was no investigation contemplated even though the complaint was, gentlemen, that Mr. Schino had received half of the \$5,000 that was passed and that Mr. Mooney—

The CHAIRMAN. Is that in this affidavit here?

Mr. BURKETT. Which affidavit are you referring to, sir?

Mr. ROBINSON. The Jenkins affidavit.

Mr. BURKETT. That was Mr. Booker's original notes.

The CHAIRMAN. Where is the complaint that Schino had gotten half?

Mr. BURKETT. That was the first story which was taken in June of '49. They didn't know. He thought Schino was my boss. He didn't know who the last name was. All he knew, he was in Nevada working it out through the wire recordings. We found that the story was changed to the fact that Schino was in on the deal, but he was so "burned up" because he didn't get any money out of it but actually that \$5,000 had passed to Pat Mooney. When we got ahold of that name—

The CHAIRMAN. I am sorry to interrupt you, but you say the story was—I mean, what story and who passed the story?

Mr. HALLEY. May I help there? Just what were these wire recordings? Where were they made and who was present? That may help.

Mr. BURKETT. The wire recordings were made in the office of Carl S. Booker, attorney at law, Mills Building. Present was another special agent with me, Ray Hedrick. The equipment used was a Webster recorder, the property of the United States Narcotics Bureau, not Intelligence Unit.

Mr. HALLEY. Who was present and how was it arranged?

Mr. BURKETT. It was arranged by having Mr. Booker interview Martin Hartman.

Mr. HALLEY. Whom did he represent?

Mr. BURKETT. He represented Gertrude Jenkins, and we used the office of the—the other agent, and I used the adjoining office of a man named Hires, who adjoins Booker's office, and those recordings—there

were two of them, one March 1, one was March 13, 1950. One of the first statements was, Hartman said about Schino, "Well, for \$2,500 touch," he says, referring to Schino, "I would have settled it for maybe \$7,000 or \$8,000."

Gentlemen, that tax that he was talking about totaled around \$50,000 that he was settling for at that time, seven or eight thousand.

The CHAIRMAN. The point I want to make is, I want to get it clear, have we been able to locate Hartman?

Mr. ROBINSON. No; we have looked for him in San Francisco and Los Angeles.

The CHAIRMAN. He is the same fellow we had, as I recall—Mr. Kaltenborn.

Mr. ROBINSON. That is correct.

The CHAIRMAN. All right; go ahead.

Mr. HALLEY. Is that wire recording available?

Mr. BURKETT. Yes, sir.

Mr. HALLEY. Where is it?

Mr. BURKETT. In the intelligence unit office. I made a copy of it and asked the other agent to keep one in his safety deposit box pending your committee's work.

Mr. HALLEY. Was the recording ever turned over to your superiors?

Mr. BURKETT. Yes, sir; it came in—we left the office and took a cab, went right straight in to my immediate superior, closed the door and said, "Here is what we have," and that was the first recording.

Mr. HALLEY. Who was your immediate superior?

Mr. BURKETT. Donald Rogers, a group leader.

Mr. HALLEY. Had he known that you were going to try to get this recording?

Mr. BURKETT. I asked him for the use of Mr. Hedrick to do a job with me in which bribery was involved. I did it very generally and I didn't tell him too much about it due to the fact that personnel was involved and because nothing had been done by the superiors for over a year, till I did this work.

Mr. HALLEY. After you turned over the recording to Rogers, did you hear about it again from Rogers or any of his superiors?

Mr. BURKETT. Yes; he seemed to feel that there was nothing that he wanted to do about it. He didn't seem enthusiastic about it, but nevertheless he didn't say no. The next 2 days later Mr. Booker called me and told me that this man Hartman who had gone into such things in his first statement as saying that Schino was a very close friends and had worked many deals with him and that Schino was obligated to him, that he would work out some means of which this case could be fixed.

Mr. HALLEY. Mr. Chairman, I wonder if, under the circumstances in this testimony, we should have the marshal here.

The CHAIRMAN. Mr. Kennedy, will you remain outside. We don't mistrust you. We will get in touch with you.

I wonder at this point—Schino is coming in here this afternoon. Why wouldn't it have been a good idea to have him here to hear this? I don't know that it makes any particular difference, except that we will have to specify the charges that have been made, over again.

Mr. HALLEY. How do you feel about it?

The CHAIRMAN. There are other matters that you are going to go into besides the Schino matter.

Mr. HALLEY. My feeling would be, Mr. Chairman, that for general reasons the committee might be criticized.

The CHAIRMAN. Well, I don't know what the criticism could be. I thought it would save us time. Well, anyway, he is not here. Let's go on.

(Discussion off the record.)

Mr. BURKETT. Two days after the first recording, the attorney came to Hedrick and me and stated that Mr. Hartman had advised him that Schino had voiced definite opinion that the case could be fixed in Washington, D. C., by seeing Joe Higgins and that Schino would arrange through Mr. Higgins the fixing of the case.

Mr. Hartman advised Mr. Booker that he would have to see Mr. Higgins, not as an attorney but as a friend of Mrs. Jenkins. We didn't know who Joe Higgins was and he turned out to be the collector of internal revenue for New York, and when I asked him by long distance who he was, he volunteered that he had been the head of the campaign fund raising for the Democratic National Party for some Eastern States and that he had known Schino.

The CHAIRMAN. What is that man's name again?

Mr. BURKETT. Joseph T. Higgins.

The CHAIRMAN. He turned out to be what, now?

Mr. BURKETT. Former collector of internal revenue for New York City; and I didn't ask him, but he told me that he knew a lot of the big people, that he had been "campaign fund raiser for the Democratic National Party" under Ed Pauley, for some four or five Eastern States.

The CHAIRMAN. What was he doing at that time?

Mr. BURKETT. He was an attorney at law, sir, with a former special agent, I heard later from our penal division head in New York.

Mr. HALLEY. How did Joseph Higgins get into the matter?

Mr. BURKETT. Well, 2 days after the first wire recording the attorney came to me and stated this, which is in the case report that I made—

The CHAIRMAN. Now by "the attorney" you mean—

Mr. BURKETT. Mr. Booker. Mr. Hartman had said he was going to fix it, so he comes back to Mr. Booker and tells him that Mr. Schino who voiced definite opinion that the case could be fixed in Washington, D. C., by seeing Joe Higgins, and that Schino would arrange through Mr. Higgins the fixing of the case.

Mr. Hartman advised Mr. Booker that he would have to see Mr. Higgins not as an attorney but as a friend of Mrs. Jenkins; not knowing who Higgins was, why, we immediately wanted more information as to who Higgins was, so I asked Mr. Booker if he would go through the thing with us; we would put a wire-recording machine in his office and have Hartman back and get more information on this man Higgins and try to repeat some of the things that we went through the first time so that we were sure of what we were doing.

So on March 22 another wire recording was made. Again Agent Hedrick helped me and the equipment was in Hires' office next to Booker, and Booker's office was where the microphone was and that report goes into who Higgins was.

Mr. HALLEY. How did they claim they could get Higgins to do something? Was he simply to be hired as a lawyer?



Mr. BURKETT. Hartman states that, "I spent the money myself." Now he spent the \$28 for the two telephone calls. He states that Schino could not make the call. He says they couldn't phone from his own office. They went down and made it elsewhere.

After phoning twice to New York, he told Schino that he, Higgins, would send a telegram to Cliff Anglum, a former collector of internal revenue, an attorney here over in Richmond, and that Anglum would know how to proceed; that Booker was to pull out of the case and that Anglum was to take over.

Schino then prepared a letter and he shows in the wire recording, he shows Booker the letter introducing him to Anglum, stating that, "Hartman has been a friend of mine for the past 20 years and any advice that you will be able to give him will be greatly appreciated."

Then he later says that the letter was just a decoy. This letter quote "is only a fourflush." Then——

Mr. ROBINSON. May I interrupt? Has it come to your attention that this Mr. Anglum that you refer to was the tax man for Mr. Pechart who has just testified before the committee?

Mr. BURKETT. No; I didn't know that, sir. However, in the report Booker asks how sure this can be done and here is the quote of Mr. Hartman: "We fixed this guy Goldman in Petaluma. You remember when his wife who divorced Goldman had that big department store when they had him hooked for 236,000?" He says he didn't remember and so forth.

That case of Goldman, the attorney for that case was, as I understand it, Cliff Anglum. That is pointed out in the report and it was never investigated, and it is true that Goldman received, I think, a misdemeanor on that case—but Hartman further states, "Why, yes; Schino will get his, but that is between Anglum and him. I don't care about that Hartman, but this lousy George from Fresno, you heard Drew Pearson say he was going to be indicted,"—referring to the tax matter.

"Well, the attorney says it was a lot of rotten outfit and he didn't know anything about it."

"We had him all fixed out."

Hartman: "Yes, and for \$10,000."

Booker: "Good Lord!"

Hartman: "He said he stands pretty good politically."

"No, he didn't get indicted then, no, but he came out anyway. Sure, for some 230,000 he could have squared everything for ten or fifteen thousands dollars."

Booker had asked who this guy was and Hartman says, "This guy George had prostitution houses and night clubs in Fresno and also hooked up in the dope racket."

The CHAIRMAN. Not interrupting your chain of thought, but who is George? George who?

Mr. BURKETT. I had my hands full, sir. I just reported it as an extra case that they could work on.

Mr. HALLEY. I don't quite understand exactly what was proposed. Could you summarize your understanding of those wire recordings as to exactly what was to be done, who was to be paid what, and why?



Mr. BURKETT. Well, that would be based on the confession of Mrs. Jenkins, as I reconstructed it. After you have heard Mrs. Jenkins' version of what happened, it may come out more clearly, sir, or do you want me to reach an opinion, or do you want to hear the evidence of Mrs. Jenkins?

Mr. HALLEY. Use your judgment. Would you rather wait until it is stated what Mrs. Jenkins said?

Mr. BURKETT. I am here to——

The CHAIRMAN. Give us all the facts, and then you state your opinion.

Mr. BURKETT. The facts were that this went in to the special agent in charge.

The CHAIRMAN. Do you want to go ahead with any other matters in your line of thought there, and then——

Mr. BURKETT. With this evidence we brought in on this first supplemental report, we pointed out that the collateral evidence, besides the wire recordings, was the fact that I had searched out first and found that there was a Pat Mooney—not Rooney, but Mooney. He was involved with Mr. Robert Kaltenborn. That case was Report SI21861. Mr. Reid has written our special agent over in Las Vegas and asked him to check into who was known as Rooney. The agent found out it was Mooney, and wrote back, "Considered favorably by Collector Douglas," and suggested that utmost discretion be exerted if any further developments were contemplated in this matter.

Mr. Reid wrote a personal and confidential letter to Mr. Douglas at that point, stating that he had called, that no investigation of this complaint had been made by the Intelligence Unit, and that he was forwarding it to Mr. Douglas so that he could be fully advised, and for whatever he considered proper.

The CHAIRMAN. Who is Mr. Douglas?

Mr. BURKETT. He was the collector of Nevada at that stage.

Senator TOBEY. Where is Mooney now?

Mr. BURKETT. In Reno.

Senator TOBEY. Holds a position still?

Mr. BURKETT. No; he retired some time after the regular retirement age, but he is retired now.

Mr. ROBINSON. Do you want to put in the record at this time your exchange of correspondence with Mr. Mooney?

Senator KEFAUVER. Yes; he sent this telegram, and I asked you to make a check on whether he was really sick or not.

This will be put in the record at this point, the telegrams, and so forth.

BURLINGAME, CALIF., November 14, 1950.

UNITED STATES MARSHAL,  
Reno, Nev.

DEAR SIR: There is being forwarded herewith a subpoena calling for the appearance of Mr. Pat Mooney at a committee hearing to be held in San Francisco on November 18.

It will be appreciated if you will effect immediate service of the subpoena, returning the original copy thereof with appropriate return notation to the committee.

Your cooperation in this and past matters is sincerely appreciated.

Very truly yours,

H. G. ROBINSON, Assistant Counsel.

RENO, NEV., November 16, 1950.

SENATE COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE,  
Federal Building, Los Angeles:

My doctor advises me against a trip to San Francisco to testify before your committee because of my health. I shall be pleased to make available to your committee any records in my possession concerning the two companies mentioned in your subpoena.

PATRICK MOONEY,  
Reno, Nev.

RENO, NEV., November 16, 1950.

SENATE COMMITTEE TO INVESTIGATE CRIME IN INTERSTATE COMMERCE,  
Federal Building, Los Angeles:

In my estimation the physical condition of Patrick Mooney does not warrant his attendance at the hearing of your committee. If you require further information my phone is Reno 23631.

LYNN B. GEROW, M. D.,  
Reno, Nev.

NOVEMBER 16, 1950.

PATRICK MOONEY,  
Reno, Nev.:

Forward air mail, special delivery, certified affidavit of your doctor, giving full details, your condition, which precludes your appearance before committee. Send to me, care United States marshal, San Francisco.

H. G. ROBINSON.

RENO, NEV., November 16, 1950.

Mr. H. G. ROBINSON,  
Care of United States Marshal,  
San Francisco, Calif.

DEAR Mr. ROBINSON: Mr. Patrick Mooney, Sr., age 80 years, has been under my care during the past month. During this time he has had numerous fainting spells and syncope.

Physical examination shows Mr. Mooney is suffering from a fluctuating blood pressure. His electrocardiogram reveals that he had damaged his heart some time ago.

It is my belief that Mr. Mooney should not be subjected to any undue physical or mental strain at this time, and I have suggested he should not make a trip.

Truly yours,

LYNN B. GEROW, M. D.

(Attached to this letter is an affidavit of Lynn B. Gerow, M. D., signed by Ellen M. Eather, notary public in and for the county of Washoe, State of Nevada, whose commission expires August 19, 1951.)

Mr. BURKETT. So, Mr. Douglas wrote to Mr. Reid that he had called Mooney to his office and had taken a statement. In this statement that Mr. Mooney signed was this:

Reference is made to our recent conference relative to the sales of stock in the Mountain City Copper Mining Co. I have never contacted Mr. R. J. Kaltenborn, Los Angeles, regarding the purchase of stock in the above mining company. In fact, I do not know the man personally. Furthermore, I never used my position as chief field deputy to further the sale of stock in the Mountain City Copper Mining Co.

That closes that incident. But, gentlemen, Mountain City Copper Mining Co., as you know, is a very famous company and here was the play of words. Mountain City Copper Co.—of course he had never sold any stock in that company, but the question was, Mountain City Consolidated Copper Co., so this is a true statement; but Mr. Douglas and all of those who were in that office know it, the difference between

Mountain City Con Copper and Mountain City Copper Mining Co.

The CHAIRMAN. Wait a minute, now. The company that is referred to in the matter there is the Mountain City Copper Mining Co. What is the phony company?

Mr. BURKETT. Mountain City Consolidated Copper Mining Co., usually known as C-o-n.

The CHAIRMAN. Now, that is the one that is involved, is it?

Mr. BURKETT. Yes, sir; so he made a truthful statement, but these charges about the mining company had been nothing new, in fact. The agent over there told them about it some time before.

In this same report I pointed out to the special agent in charge, when I brought in these recordings—and the name "Mooney" comes out. My immediate superior runs to his files and produces some checks showing that Pat Mooney had sold Bones Remmer some of his stock—four checks—one of which was—the first check was Mrs. Remmer's tax and the next one was Mr. Remmer's tax. Mrs. Remmer's went through and was cashed. Mr. Remmer's, on the back, showed wear like it had been carried around a little bit, and then was torn off. The signature was torn off and a new check issued for about \$2,500 less than his taxes, but that check for \$2,500 goes through the bank and for stock, and it is endorsed by Pat Mooney, secretary of the Mountain City Con Copper.

I said, "Where have these checks been for a year and a half since they have been here?" The book says we are not supposed to sell any stock or do anything except being a special agent, and my boss said that—

The CHAIRMAN. That is Rogers?

Mr. BURKETT. Rogers. He said he had taken it up with Reid and Reid knew all about it, so I just reput it back into the report. Then I point out as collateral evidence that Mr. Schino—

Mr. ROBINSON. May I interject there? What was the original check for, Bones Remmer's tax, Mrs. Remmer's tax, and what were the altered amounts?

Mr. BURKETT. Remmer's tax as computed by our office—

The CHAIRMAN. Before you get on the Remmer matter, why don't you finish up the thing about the abortion woman?

Mr. BURKETT. Oh, yes, this is her case. It's in her report, Senator.

The CHAIRMAN. I am sorry.

Mr. BURKETT. That is collateral evidence; and then this was not investigated. I point out that Schino who was involved collaterally had been down sleeping in the hotel with Joe Cannon in the Hollywood Knickerbocker Hotel. Records show he was there, from a reliable source in the Narcotic Bureau. We knew that Joe Cannon had been involved or known by a Chinese prostitute and dope peddler. The prostitution angle came up and he went into the fact that Schino's name appeared in a complaint to our office with a Tugboat Annie at Salinas who was running a house of prostitution in competition with the Dorothy McCready woman. That McCready woman had had a record for white slavery and this man Schino had been complained about as being the one whom pay-offs were made to, by the prostitutes as Salinas, and his boy Malloy, his deputy in charge of the Salinas office, had gone so far, we later found out, as sending through the mails, using a franked envelope, a request for funds; and later—



The CHAIRMAN. What was the name?

Mr. BURKETT. Malloy.

Senator WILEY. It shows you to what extent they will go.

Mr. BURKETT. I pulled that file out of the Intelligence Unit file to find out who Malloy was. If you will look on that file of Mr. Malloy in the Intelligence Unit, you will find this reasoning: that Malloy had not been in one scrape; he had been once before in something. The Commissioner finally did write him a reprimand. Again Malloy was going to resign, but Smythe and Louis and the various people got together and decided he would not resign, and Mr. Malloy is working over there today.

The CHAIRMAN. Tell me this again: Who is Mr. Malloy and where did he come in now?

Mr. BURKETT. Mr. Malloy's first name is——

Senator WILEY. W. D.

Mr. BURKETT. Yes, W. D. And you will find that in case entitled "Alleged Extortion," in file 7781-C. Also see, Alleged improper conduct of intelligence unit, file 6738-C. And then this case report, you will find——

The CHAIRMAN. What was it Malloy did, now? He did what?

Mr. BURKETT. He was in charge of the office down there in Salinas as a deputy collector, and the evidence that Senator Wiley showed to you there was the fact that he had dunned this madam through the mails for more funds.

Senator WILEY. This was just for more funds. The letter says, "of another 75 or a hundred to complete my repair and painting job." They did investigate, didn't they, and found out that he had been tapping her for a number of items and he was ordered to pay back to her—what was it, five or six hundred dollars, or something?

Mr. BURKETT. Yes.

Senator WILEY. Yes; and all they do, they reprimand the guy, and the guts of the fellow is that he says in this letter:

Please use the enclosed envelope which requires no postage, at your earliest convenience.

He even sends her an envelope and tries——

Mr. BURKETT. Now, Senators, when this complaint came to the intelligence unit file——

Senator WILEY. It should go into the record.

The CHAIRMAN. At this point, while we are discussing Mr. Malloy, let's put in the record the Green Flash Call-Bulletin, November 15, 1950.

Shown at left are a letter and two envelopes included in the report of the California Commission on Organized Crime. The report said William D. Malloy, deputy internal revenue collector in charge at Salinas, sent the letter requesting funds to Anna "Tugboat Annie" Schultz, also known as Dixie, while she was under investigation as a possible Federal income tax evader. He earlier had obtained \$500 from her, the probers said, adding: "The Schultz woman claims the money was paid on the representation that she would thereby obtain concessions from the Government in connection with her income-tax case. Malloy claims the money was given as a loan for the purpose of painting his home. Thereafter Malloy importuned her for additional sums but these were not paid. On June 25, 1946, Malloy wrote a letter requesting an additional \$75 or \$100. This letter was written on Treasury stationery and was signed by Malloy in his official capacity. It was mailed in a Government-franked envelope and enclosed another Government-franked envelope for reply \* \* \*." Internal Revenue



intelligence agents investigated the case, and, the report said, Malloy was required to refund the \$500 and "disciplined" by transfer to the collector's office in San Francisco. Below are four of the crime commission members.

TREASURY DEPARTMENT,  
INTERNAL REVENUE SERVICE,  
OFFICE OF DEPUTY COLLECTOR, FIRST CALIFORNIA,  
*Salinas, Calif., June 25, 1946.*

EL NIDO HOTEL,  
*Salinas, Calif.*

(Attention Dixie and Owner.)

DEAR DIXIE: Just a few lines to let you know I hope you had a nice trip east and enjoyed yourself at New York and especially the big fight. I am most grateful for everything you did for me and I am wondering if you could let me have another \$75 or \$100 to complete my repair and painting job which I will start to take care of in October and November. Please use the enclosed envelope, which requires no postage, at your earliest convenience. Also come in and let me fix up your social-security tax and withholding papers before August 1.

Regards,

W. D. MALLOY, *Deputy in Charge.*

Treasury Department  
Office of Collector of Internal Revenue  
San Francisco 2, Calif.

Official Business

Penalty for Private Use  
to Avoid Payment of  
Postage, \$300.

Mr. WILLIAM D. MALLOY,  
Deputy Collector in Charge,  
Internal Revenue Service,  
221 Salinas Street,  
Salinas, California.

W. D. Malloy D C in Charge  
Treasury Department  
Office of Collector of Internal Revenue  
San Francisco 2, Calif.  
221 Salinas St.

Official Business

Penalty for Private Use  
to Avoid Payment of  
Postage, \$300.

[Postmark: Salinas, Calif JUN 26 8—AM 1946]

El Nido Hotel,  
201 East Market St.,  
Salinas, California.

[Printed] Schultz

Attention: Dixie—Manager & Owner.  
Personal.

Mr. BURKETT. The special agent, Harold Sanford of Fresno, wrote Mr. Reid on April 15, 1947, and pointed out that this madam, Anna Schultz, operated this house of prostitution, 210 East Market Street, Salinas, had made this complaint in which she stated that she had been told "that all other bars and girls were paying to him"—that is, Malloy and Schino—"except her."

Now, Sanford was ordered to make an investigation on Malloy. You will find nothing as to what happened on Schino's part in there. Schino was an utter blank; there is nothing, no questions, no answers. There is nothing.

I asked Mr. Sanford why he didn't go into the evidence of Schino and he is the head man down there for that area, and he said he

didn't want to talk about it, he and Mr. Reid had had some feelings about that particular report.

Well, now, that closes the incidents of the first report.

Senator TOBEY. Where is Malloy now?

Mr. BURKETT. At 100 McAllister Street, working for Mr. Smythe.

Senator TOBEY. Smythe is the internal revenue collector now for what district?

Mr. BURKETT. Northern California.

Senator TOBEY. Still on the job?

Mr. BURKETT. Yes, sir.

Mr. BURKETT. Mr. Wolfe, our chief in Washington, wrote Mr. Reid after this first report and asked that a full investigation be made. Mr. Reid wrote back this letter to Mr. Wolfe's letter. The chief says: "This is some case," that—

further work is being done on this feature, but the records of this office disclose that a personnel case is being jacketed.

He is referring to my report.

Reid wrote back this letter in which he said, on the 10th: "Still under investigation," and to the effect that if they found something that they would jacket it.

Well, I have searched the files and find no record of anybody being assigned to Mr. Schino. There may be a secret document some place, but Mr. Wolf didn't ask for a reply from Reid of that nature.

Wolf issued the jacket on his own initiative on the 12th because he said there was evidence in Burkett's report to cause a jacket to be issued on these things about Schino.

The CHAIRMAN. That was the 12th of what?

Mr. BURKETT. May 1950.

The CHAIRMAN. That is out of Washington?

Mr. BURKETT. Out of Washington. They assigned a man in Los Angeles named Stringham, a new man who had not done any character investigations and what not, and judging from his qualifications, he wrote a report—

The CHAIRMAN. Stringham. Will you spell that?

Mr. BURKETT. S-t-r-i-n-g-h-a-m, Walter S., known as Intelligence Unit 8029-C, subject: "Alleged Improper Conduct, including possible acceptance of a bribe." The subject is Schino.

The conclusions of the investigating officer were as follows: "Mr. Ernest M. Schino—should be more careful about his associations, particularly Martin M. Hartman." He states that:

No evidence was found to substantiate acceptance of the bribe by an official—and I asked him what official he meant and he meant that all of the officials of the Bureau of Internal Revenue, and there was no dismissal, transfer, suspension, or reprimand.

With that report, on my own initiative, without anybody telling me, I felt that I would go down to Los Angeles and work on some evidence on Jenkins and a few other cases. Steffen was a narcotic peddler that White had put into jail, and there was some mortgages that I had to go see, and I thought on my way back I would just stop in and see Mrs. Jenkins, the woman who passed the money. So the reason for that was that Mrs. Jenkins was also the trainer of other abortionists in this area whom I was working on—and a man named

Hayden. So in the course of the conversation Mrs. Jenkins, after 2 days of interrogation, with the promise only that with the understanding that she would not be prosecuted for passing a bribe, but convinced somehow that she had a bad heart, and I talked to her about her bad heart and how she might be of service to her country in ferreting out those who use the power of their position, their authority, their credentials to get people to pay them money, she stated that she would tell all; and I asked her if she wanted her attorney present and she said "No."

I said, "Well, I don't want to be in the position of—I want someone present." So she stated she wanted the warden present and that was Mrs. Holzschuh. The State of California enters the picture then. And Mrs. Holzschuh came in then and we made out a five-page confession of which you gentlemen have a photostatic copy.

Later Mrs. Jenkins made another one in her own handwriting. I don't know which one you have here.

The CHAIRMAN. I have lost that.

Mr. HALLEY. You have it right there.

Mr. ROBINSON. Here it is.

Mr. HALLEY. Referring to that statement made by Mrs. Jenkins, it appears that she implicates Mooney directly.

Mr. BURKETT. Yes, sir.

Mr. HALLEY. But not Schino, is that correct?

Mr. BURKETT. Yes. The Schino incident is somewhat hazy in this respect. Booker, when he first heard about this, the day she was going to the State pen—she said to her attorney: "Don't tell my daughter; do not pay Hartman any more money."

Booker didn't even know who Hartman was.

Hartman said, "You followed this whole tax case up. She is going to the pen." He didn't know who she was, and because of the statement that \$5,000 had been passed, Booker goes to the pen and asks Mrs. Jenkins and she says, "No; I never paid you \$5,000." She was asked: "Do you know Schino?" And she puts her fingers to her lips and doesn't want to talk about it. Again at the pen, she didn't want to talk about Schino.

The thing is, I wanted to get as much evidence as I could without causing any confusion, and I thought I was getting some place there. Anyhow, the admissions is that she did pass the \$5,000 to Mooney, so I came back with this confession and I showed it to my superiors.

The CHAIRMAN. Let this statement of June 27, 1950, of Gertrude Jenkins be made a part of the record at this point.

Mr. ROBINSON. I have the photostat of the original here.

The CHAIRMAN. You hold on to it.

Mr. ROBINSON. This is an easier copy to read.

The CHAIRMAN. We will put in a typed copy.

Were there two statements? Do we have both of her statements?

Mr. HALLEY. We have only the one.

The CHAIRMAN. There was another one you said?

Mr. BURKETT. The State asked her for another copy and she wrote that same one out, you understand, in her own handwriting, word for word.

The CHAIRMAN. All right.



(The statement of Gertrude Jenkins is identified as exhibit No. 25, and reads as follows:)

[COPY OF FIVE-PAGE HANDWRITTEN STATEMENT]

TEHACHAPI, CALIF., June 27, 1950.

UNITED STATES OF AMERICA,  
*District of California, ss:*

Gertrude Jenkins, being first duly sworn [oath given], upon her oath deposes and says:

I, Gertrude Jenkins, age 65, formerly residing at 6017 Mission Street, San Francisco, was today interviewed by William A. Burkett, special agent, Intelligence Unit, United States Treasury Department, Post Office Box 688, San Francisco, Calif. He first read to me certain parts of a statement which he said were statements made by M. M. Hartmann and Carroll E. Bucher, then he played the same statement on a Webster electric recording machine. I recognized the voices on this wire recording as that of Mr. Bucher and Mr. Hartmann.

In connection with Mr. Burkett's request that I testify and give information regarding Mr. Hartmann and Mr. Mooney, he has explained to me that the facts set forth in the above-mentioned recordings will require my testimony. I told Mr. Burkett that I would gladly testify provided that immunity would be given me and my son-in-law, M. B. (Burt) Haley from future prosecution criminally for any act or acts that I or Burt Haley did in connection with the \$5,000 that I paid or gave to Pat Mooney at the time Mr. Mooney was chief field deputy, United States Bureau of Internal Revenue at Reno, Nev., and to which my son-in-law, Burt Haley, was a witness to the passing of \$5,000 by me to Mr. Mooney in Mr. Mooney's office in Reno, Nev.

Mr. Burkett replied that under such circumstances and because of the brief testimony given him as to the truth of the recorded information that I heard and can give testimony, he has given me a summons to testify in the matter of M. M. Hartmann and a summons to testify in the matter of Patrick Mooney, which Mr. Burkett states gives me and my son-in-law, Burt Haley, immunity from any future prosecution criminally for any act or acts that I did in connection with field deputy, United States Bureau of Internal Revenue, and to which my son-in-law, Haley, was a witness to the passing of \$5,000 in currency by me to Pat Mooney in Mr. Mooney's office in Reno, Nev.

Mr. Burkett has explained to me that under the circumstances that I told him that the payment of a bribe under threats or duress is not a bribe. It is my wish in connection with the cases of extorting and acceptance of \$5,000 from me by Pat Mooney, and the arrangements for this \$5,000 payment made by M. M. Hartmann with Mooney, that I become a witness for the United States Government in any action that the United States Government may hereinafter take against Patrick Mooney and M. M. Hartmann, separately, or together for their act or acts as stated in this affidavit that I am now making to Mr. Burkett.

Mr. Burkett has offered and suggested that I have an attorney present if I wish, but I prefer to have Alma Holzschuh, superintendent, California Institution for Women, Tehachapi, to be present when I sign each page of this affidavit.

I wish to state that sometime during 1947 or 1948 Mr. M. M. Hartmann, 342 Twelfth Avenue, San Francisco, came to me and told me that for a small sum of money that he could get my income tax cut down and no prosecution criminally of me by the United States Government, who were at the time investigating me for the nonpayment of income taxes. Hartmann, I think, first suggested that I employ an accountant to assist me on my tax returns that were being questioned by the Bureau of Internal Revenue. Hartmann said or inferred that if this accountant handled my case it would go to a lower tax and be made out properly.

Sometime during 1947 or 1948 M. M. Hartmann came to me and told me that I was to go to Reno, Nev. on a certain day, which I did, and see Patrick Mooney, chief field deputy, Bureau of Internal Revenue, and pay over to Pat Mooney \$5,000 in cash in Mooney's office in Reno, which I did, and Hartmann told me that Mooney has "ins" or knew the people who would cut down the income tax due and prevent any criminal prosecution of me. Hartmann said that if I paid Mooney \$5,000 that the reduction of tax payments by me would be so substantially reduced that I would more than get the \$5,000 back, but also have a greater reduction. Hartmann said that Mooney would arrange with certain Bureau of Internal Revenue officials that I would pay a very small tax, if any, and that there definitely would be no criminal prosecution of me for willful evasion of income tax.



Hartmann boasted to me that he, Hartmann never paid any Federal income tax in his life or recent years.

Because of the duress that I was under at the time I asked my son-in-law, Haley, and perhaps Milton Cline to accompany me to Reno. How Cline got into it I don't know. Anyway on arrival in Reno, I went to Mr. Mooney in his office. I had met Mooney before. I handed \$5,000 in cash to Mr. Mooney but I placed it on his desk. The money was not in an envelope or covered. I placed 5 bundles of paper money on his desk. I do not recall that he picked up the money in my presence. The only thing I said to Mr. Mooney was: "Hello, Mr. Mooney", and laid the \$5,000 on his desk. The only thing that Mr. Mooney said to me was something about the mine would be a good mine in time and that he would mail some stock to me. Mooney did not ask my address, and I didn't know anything about the stock, if anything it was a phony stock, and a cover-up for Mooney to make it appear legal that Mooney was going to reduce the tax money I owed the Federal Government and prevent any possible prosecution. Hartmann had told me that Mooney would give me some worthless mining stock and the \$5,000 I paid Mooney was because Mooney knew Schino, chief field deputy, Bureau of Internal Revenue, San Francisco, and other Bureau of Internal Revenue officials that would result in the end that my tax payment would be reduced substantially and would prevent any criminal prosecution.

I haven't seen Mooney since paying over the \$5,000 in cash to him. After I told Hartman that it appeared that Mooney had done nothing about reducing the tax or stopping the investigation that Special Agent Burkett and Deputy Patton were doing. Hartmann didn't mention the investigator's names but he said that the \$5,000 to Mooney was partially for calling off the investigators and stop the investigation of the case. I jumped Hartmann a couple times about the fact that the investigators were still investigating my Federal taxes and Mooney apparently had not helped me or done anything. Mr. Hartmann then told me that there would be no prosecution and that would be something to be grateful for.

I have read the foregoing statement, consisting of 5 pages, each of which I have initialed, and also which I have had Miss Holzschuh read in my presence at the time I have signed this. I made the corrections shown and placed my initials opposite each one. I fully understand this statement and it is true. Mr. Burkett also read this to me.

GERTRUDE JENKINS.

Subscribed and sworn to before me at 3 p. m. again at 5 : 30 p. m., June 27, 1950, at Techacapi, Calif.

WILLIAM A. BURKETT.

Witness:

ALMA HOLZSCHUH.

Mr. BURKETT. I returned to the office and told them I had this evidence and they didn't ask me to see the confession. I said I wanted to dictate the report. My immediate superior said that all the girls were tied up, I couldn't dictate the report.

Mr. HALLEY. You are again referring to Rogers?

Mr. BURKETT. Rogers. I told Mr. Walter Campbell about it. Well, a week or two went by and finally I kept going in and first I checked the secretaries and they were reading papers and books and so forth, and they assured me they didn't have any work to do, so I walked in to Mr. Rogers and he said, "No; you can't dictate the report," and I said, "Look, if I can't dictate the report I will write it longhand because I want to get it in." He said, "We don't accept longhand reports."

Senator TOBEY. Where is he now?

Mr. BURKETT. He is working up there in the Intelligence Unit, sir.

And so the more I got into the thing, I was wondering where we stood. There wasn't any desire against anybody or any individual. All I know is, I was paid to do a job. I made a promise that I would enforce the law, and I just thought, "Well, that's the way it's going to

happen." I couldn't see this go like that. I didn't want to reach any conclusion and I needed more evidence.

So further—without any further authority, I started bringing in Mr. Hartmann. Mr. Hartmann—I went out to his house and he scurried down and got Schino and got in Mr. Lowrey, the No. 2 man, and I arrived one day in the morning. Mr. Lowrey jumped me on the point that I was using Gestapo methods. Mrs. Hartmann said that the Mountain City Consolidated Copper Co. books were on that table in there, and I said, "Well, would you mind letting us see?" And he said, "Do you doubt me?" She says, "Come on in," and we came in and picked up the books and they were the Mountain City Consolidated Copper Co., and then they grabbed them away.

The CHAIRMAN. Whose wife was that?

Mr. BURKETT. That is Mr. Hartmann's wife, and she says, "I don't want to listen to anything more about it; I have heard all I want to know," and I said, "If you don't want to listen to me, why don't you ask the other agent?" He didn't know there was another agent, that there was just Burkett, and I asked Mr. Hedrick to come up and I simply was doing my job. They paid my salary and I was out looking at the books, but no one said anything at that stage, I guess, except some hurried conferences around. I started pulling in Hartmann and pulling in people until Stringham came up from Los Angeles again saying, "Now, wait, I am running this case of Mr. Schino," and of course it was unique in our office, because usually when you have a case such as like my arm and the fingers come out of it. The man who investigates it usually is the fingers and because I had gotten the confession, because I felt somehow acquainted with the case, I felt at that time I should go on with it. The tactics used by Mr. Stringham were different than the way I had trained. The integration of these men were based on—not the fact, I think, that a felony had been committed. They called Schino 2 days in advance. Smythe told him he was going to be questioned, and it came up he was questioned, and I have an opinion as to the statements that were taken, but I never got to do Schino myself, or I never got to see Mr. Mooney, but the evidence of the testimony which I got out of Hartmann and out of Mr. Haley who saw the money passed was this: Haley said, "Look, I went all through Nevada driving the car for this Pat Mooney and Hartmann, and do you think they would let me personally buy a no-account stock? Why, that stock, there was never a bucket of ore ever produced." That was a clean-cut statement of the fact that she would not get prosecuted.

The CHAIRMAN. Now, Haley is the——

Mr. BURKETT. Son-in-law.

The CHAIRMAN. Narcotics man who was convicted.

Mr. BURKETT. Yes; he was the one convicted.

The CHAIRMAN. And he was Mooney's chauffeur?

Mr. BURKETT. Hartmann's and Mooney's chauffeur. He was to get a cut. He said that "you will find a man in Wells, Nev., that he didn't get his cut on but who was in an income-tax jam and he had been buying that stock of Mooney's for a long time. He said, "Mooney beat me out of that commission." Haley stated, under oath, too, that he saw the money pass in his presence. There was no mention of any stock certificates or issuing any stock. In fact, Mr. Lowrey, or No. 2

man, who had caused—mentioned about my Gestapo tactics, went south, got Stringham, a man well acquainted with Mooney, to go over and get the confession out of Mooney. The purpose of sending Stringham was that he wanted someone acquainted with the case which is good instruction. But even Lowrey got the admission out of Mooney that he had gotten \$5,000 and that Mrs. Jenkins and Haley were there and passed the money.

The CHAIRMAN. Haley—when did that occur? When did Lowrey get that confession?

Mr. BURKETT. Lowrey got that confession on May 29, 1950. So in this second report that I wrote to Mr. Reid, I point out that even Mr. Lowrey had reached this conclusion, and I quote from Lowrey: "It's entirely possible that this \$5,000 is the amount which has been referred to as having been paid to Mr. Mooney or Mr. Schino in his statement"—that has been referred to—"admits that he gave some money to Hartmann."

Hartmann, when I get him in, he says, "No; I didn't get any money from Mooney for that deal." That is, the \$2,500 could have gone either to—I mean from Mooney to Hartmann or to Schino.

Mr. HALLEY. Is there any evidence to which you can refer the committee that Schino ever got any money?

Mr. BURKETT. Other than the first statement that was brought in that he was—got part of the first money that was passed.

The CHAIRMAN. That was Hartmann's statement?

Mr. BURKETT. That was Bucher's statement.

The CHAIRMAN. Well, Bucher's statement which was given to him by Hartmann?

Mr. BURKETT. Given to him by Hartmann, yes; and of course, the evidence also has been that Hartmann has testified that Schino has admitted time and again information that for a fee he would have fixed this case. Even after the \$5,000 had been passed.

Mr. HALLEY. If Schino admitted that, he would have fixed——

The CHAIRMAN. Hartmann.

Mr. BURKETT. I asked Mr. Hartmann under oath, that question as to whether or not Schino stated that he would fix the case for a fee, and he, Mr. Hartmann, replied, "Yes, that he, Schino, had made that statement." So in this second supplemental report——

The CHAIRMAN. What is the date of that second supplemental report?

Mr. BURKETT. It would be the report dated July 11, 1950. The first thing I wrote to Mr. Reid is, in total, the entire contents of the confession of Mrs. Jenkins, and I stated that I had initiated this thing on my own, and that I point out again more about Mooney and more about Hartmann; that Hartmann was a man who had been sentenced 5 years to San Quentin and that he was paroled out to Mooney, and while he was on parole——

The CHAIRMAN. What was that sentence to San Quentin for?

Mr. BURKETT. Violation of the Corporation Securities Act in 1944, and while he was paroled out to Mooney, Mooney used him as a salesman peddling this Mountain City Con Copper.

Senator TOBEY. How was he paroled out? Did the law parole the man out to anybody?

Mr. BURKETT. He was placed on probation on the condition that he reimburse the complaining witnesses, and then the records show



in the probation office that Mr. Mooney made that—that Mooney made the restitution and that complaint, gentlemen, was in connection with phony mining and oil transactions, involving a Mountain City Consolidated Copper Co. again.

Mooney never got caught; it was Hartmann. Hartmann then goes over there and works while he was on parole selling this stock.

Senator TOBEY. And Mooney knew before the parole he would do the dirty work, since he had the experience in it?

Mr. BURKETT. Yes.

Senator TOBEY. The man Friday for Mooney?

Mr. BURKETT. That's right, sir.

Senator TOBEY. How old a man is Mooney?

Mr. BURKETT. I have never seen him, sir, but I think the record shows he must be around 70.

The CHAIRMAN. Nobody said he was 80?

Mr. BURKETT. I don't know, sir.

Mr. HALLEY. We will get the figure.

The CHAIRMAN. Do you know where Hartmann is now, Mr. Burkett?

Mr. BURKETT. I don't know, sir.

The CHAIRMAN. All right; go on, Mr. Burkett.

Mr. BURKETT. I point out in this letter to Mr. Reid that his reasoning is not right. He states in his letter to the chief that Mr. Haley confirms Mr. Mooney's statements. You could read the two statements and they are not right—again knowing myself that this is not a popular thing to do, telling my boss where his reasoning is wrong, but I had rather have someone tell me that I was wrong than to find out later. I also point out to the penal division head that here Mr. Reid reaches this question, "Why anybody would ever go to Nevada to pass a bribe?"

Again, being an investigator—we don't have this crystal ball—but the possibility that a bribe could be passed anywhere, and I point out to Mr. Reid that he, Mr. Reid and Mr. Lowrey sat on an unjacketed case entitled "*Income Tax Liability v. Criminal Prosecution of Dorothy McReady*," and that there was a deficiency involved of \$30,636.10, but there was a penalty—and mind you, this woman wanted to pay, but she didn't want to go to the pen. That is Dorothy McReady, who was running houses of prostitution in Hawaii during the war. I point out to Mr. Reid and Mr. Lowrey that Johnny Louis, a former collector, who is now Dorothy McReady's attorney, and likewise a partner of Schino, was in a business enterprise called Safety Step, but before they sit down and decide that Dorothy McReady isn't going to the pen. In fact, she didn't have to pay the penalty of \$5,000—\$15,000 for fraud.

Senator TOBEY. Who was the party that sat in that?

Mr. BURKETT. The conference was amongst Mrs. McReady's attorney, Johnny Louis, a former collector, William Stern, the conferee, Mr. Lowrey, and Mr. Reid—and that, you will find in an unjacketed report dated April 15, 1943 entitled "*Dorothy McReady, Sub-Income Tax Liability v. Criminal Prosecution*."

Senator TOBEY. And Lowrey and Reid are both connected with the Internal Revenue now?

Mr. BURKETT. Mr. Reid was head man and Lowrey, No. 2.

Mr. HALLEY. Where do you find the wrongful act in that?



Mr. BURKETT. I am pointing out that Mr. Schino was a partner of Mrs. McReady in this business.

The CHAIRMAN. How do you connect that? Schino, who was a partner of Mrs. McReady in what?

Mr. BURKETT. In the Safety Step Co. His name appears as a partner on the tax returns of the Safety Step Co. and the record of Mrs. McReady is prostitution business and the reports are that that was a legal business front which had books and had records showing a legitimate business and was actually a front for prostitution.

Mr. HALLEY. The Safety Step Co.?

Mr. BURKETT. Yes; but only the word angle in the books shows perfect legitimate reports, selling such famous persons as Ford Motor Co.

Mr. HALLEY. Was there any penalty assessed against Safety Step Co.?

Mr. BURKETT. No.

Mr. HALLEY. And the tax settlement?

Mr. BURKETT. No case.

Mr. HALLEY. No fraud case at all?

Mr. BURKETT. No. That this McReady woman was the competitor of Tugboat Annie in Salinas and that first report showed that Schino was the man who was getting paid off down there by the prostitutes there; that I was pointing out again the relationship that this man Schino slept in the same bed with Cannon in the Hollywood Knickerbocker Hotel; Schino had said he know lots of people who were crooks like all law-enforcement people.

The CHAIRMAN. He was sleeping in the same bed——

Mr. HALLEY. With Cannon.

Mr. BURKETT. Cannon is a known hoodlum down in Fresno on narcotics and a friend of Schino and various other characters. He has a legitimate business. I think it is known as the Plantation. It's a night club.

Then I report—I even use Mr. Lowrey's own statement in there to Mr. Reid—that Mr. Lowrey had found the \$5,000 going into the bank account of Mr. Mooney, telling of current expenses. There hadn't been any current expenses in this mine. The thing was just a hole. Where would the \$5,000 go?

The CHAIRMAN. On that point now, do you have full information that there really isn't anything to this mine? That it's a place there where they have no problem about the operation or no profit, any value?

Mr. BURKETT. They have a piece of property adjoining the Mountain City, the legitimate company, and I found out from the mining engineers there that the custom is, in a large company, when a large company wants anything adjoining that is really legitimate, they would buy it out. In fact, Mooney was tied up with another company, Rip Van Winkle, I think.

Mr. ROBINSON. Rip Van Winkle?

Mr. BURKETT. Yes; the same tie-in there, one legitimate. Mountain City—looked over the property long ago. They stuck a hole there and a building. It was stated that this mine had never produced anything, and Hartmann had told that he had been out many times and that they had never produced a bucket of ore, and yet here is a

man, we questioned a man in past experience, a businessman, or someone else, a hoodlum, we go into a real effort in substantiation of the veracity of the statements.

I point out in this late report to J. T. Higgins that I had called Higgins and that Higgins had confirmed this fact that he had known Schino, that Schino had called him after much delay and hesitation, he finally reached that conclusion, and just as a side light I was called up and asked why I called New York, what business did I have calling New York. I said I had Mr. Hartmann under oath. He denied he called Mr. Higgins or Schino. He had never known Higgins, never heard of the man, so I said time was of the essence—New York time was different. I picked up the phone and called the man and he said, "Don't ever do that again. You can't pay that, we can't do business like that," and I said, "I have been using phones all of my life; I will gladly pay the 6 bucks to call Mr. Higgins."

I came back and confronted Higgins with the facts and Higgins—I mean Hartmann again wouldn't say that he knew anything about it. The next day he thought it over and I told him about perjury and a few things and he said yes. He admitted, "I do know about Higgins," and "Schino told me that we should contact Higgins." So in the second statement Hartmann finally admits that Schino had arranged this Higgins stuff.

The CHAIRMAN. The point is, I don't exactly follow through. The man in New York, Higgins, he was practicing law at that time. How was he supposed to get the case fixed? Was that brought out?

Mr. BURKETT. Yes, in the interview, the second wire recording which was taken primarily to get the pattern of Higgins—that was brought out in the verbal statement of 2 days after the first report was, that Higgins was the man that was to fix the man in Washington.

The CHAIRMAN. He didn't say with whom or——

Mr. BURKETT. No.

Mr. HALLEY. Well, that is what Hartmann said; is that right?

Mr. BURKETT. Yes, sir; also Higgins told me over the phone——

Mr. HALLEY. Yes.

Mr. BURKETT. Who he was, how many big people he knew, what he did.

Mr. HALLEY. Higgins had been collector of internal revenue in New York?

Mr. BURKETT. Yes.

Mr. HALLEY. He obviously knew a lot of people.

Mr. BURKETT. Yes; and so I said, "Are you the Joseph T. Higgins who is collector?"

"Oh, yes."

I had another agent present and I wrote a memorandum following it. That discussion, I think, was 3 or 4 minutes, and finally, I said, "Well, now, have you heard about or do you know Gertrude Jenkins?"

"Yes; that name is familiar to me; let me check my files," and so forth.

He came back from the files and said, "No, no; I haven't anything on that."

I said, "Did Schino phone to you and talk to you about Jenkins?" and he says, "Yes, yes; I think he did. I recall something about it. I

don't know exactly what it was, but it was something to do with Jenkins and some tax matter. I have forgotten," and so forth.

I said, "What is your conclusion? Have you talked with Schino in the last couple of months?"

"Not when he was in New York," or something like that, and his conclusion was that he had.

The CHAIRMAN. Let me ask this question: Did any money get to Higgins that you know of?

Mr. BURKETT. Not that I know of, sir.

Mr. HALLEY. Schino, then an agent, attempted to engage counsel for Mrs. Jenkins?

Mr. BURKETT. Yes.

Mr. HALLEY. Now that is the minimum about which you could swear yourself, is that right?

Mr. BURKETT. Yes; and that—as to me, yes; that is right.

Mr. HALLEY. Now, can you go further on this allegation attempt to fix the case, or that Higgins would do anything improperly or that Schino asked him to do anything improperly?

Mr. BURKETT. No; I have no knowledge of that.

Mr. HALLEY. But what you can say is that from Higgins and from the wire recording that Schino was attempting employing counsel for Mrs. Jenkins; is that right?

Mr. BURKETT. Yes.

Mr. HALLEY. Now was that because Schino was unable to handle the case here?

Mr. BURKETT. Because the case had been in Washington; this case was setting in the Justice Department in Washington. The whole files are back there. There was nothing he could do here; he had tried once before.

Mr. HALLEY. Go ahead.

Mr. BURKETT. So that report went in and then the reviewer called me up and said, "Who authorized you to do this?"

Senator WILEY. Who did this?

Mr. BURKETT. Mr. Murphy.

The CHAIRMAN. Where is Murphy?

Mr. BURKETT. He is the No. 3 man; he is the reviewer up there.

The CHAIRMAN. Where?

Mr. BURKETT. Intelligence Unit, 100 McAllister, Treasury Department, sir.

So I said, "Well, everybody knew I was doing it," and nobody really said I shouldn't and nobody really said I could, but I said it was part of the case and that—I was just hired to do my job and I did it.

He said, "Well, I want you to break it right in two." He had it up here in front of me—a lot more exhibits—I think it was about this thing—put this in about Jenkins.

"Well," I said, "the boss in Washington would never know what happens out here unless you keep him posted."

Walter Campbell says, "I don't want to air the trouble to the Internal Revenue and the Justice Department. Why do you want to quote Washington our dirty linen?" And I said I didn't want to be any part of it; "What you fellows do is your own business."

"The book says it goes to the chief. I have been here 5 years. Unless the book has been changed, I don't want to be a Dutchman. Maybe



I understand too well." That is the way I put it; "and that's the way it's going to stand," and he said, "Well, I understand you are leaving," and I said, "Yes, I am sorry to have to leave; I like my job; I like the Internal Revenue; I like the Intelligence Unit; I like the law enforcement. I don't know what I am doing in unemployment insurance business. I would like to stay."

He said, "Well, after you leave we can change, can't we?" And I said, "What you do after I am gone, you can do," and so what has happened to that case, whether Mr. Wolf ever saw—whether the Justice Department ever saw it, I don't know.

So, in conclusion, the conclusion that was reached in those two cases and within the first one was that Jenkins should be prosecuted, and the second one, Jenkins should be prosecuted for the willful evasion to defeat taxes, but I included one more: It is recommended that the prosecution be instituted, an investigation be jacketed on these characters and this thing be investigated because a criminal prosecution cannot be commenced, the Bureau of Internal Revenue will inevitably be in the position of appearing to condone the bribery of its own personnel.

Gentlemen, we investigate the Treasury Department, our own personnel—not the FBI, but we are the ones that investigate ourselves, and they didn't. They asked me not to. I wanted to include that again in the second report. On the second one I went further. I recommended that Mr. Mooney be prosecuted.

The CHAIRMAN. What was the date of that?

Mr. BURKETT. That is the final report of July 11, 1950.

The CHAIRMAN. Do you know how far that got?

Mr. BURKETT. I don't know, sir.

The CHAIRMAN. Do you know whether it got to Washington, that report?

Mr. BURKETT. I don't know. They asked me to write a memorandum to Mr. Reid and talk about Mooney; and then it was Davis; Davis just came in and replaced Reid. Reid retired. They wanted me to talk about Mooney, and my recommendations for criminal prosecution in a memorandum. So that, gentlemen, briefly summarizes Gertrude Jenkins.

I will be glad to answer any questions.

Mr. HALLEY. Do you have any other files that you investigated?

Mr. BURKETT. Yes; I investigated Georgetti, sir.

Mr. HALLEY. Would you tell the committee about that?

The CHAIRMAN. Georgetti?

Mr. BURKETT. Emilio Georgetti, alias Gombi.

The CHAIRMAN. Tell us about that, Mr. Burkett.

Mr. BURKETT. That was in San Mateo County. I read in the paper about the slot machines and so I went down and found out who had the slots and walked in—and here is an exhibit of all the 25-cent machines, 10-cent machines, the dollar machines and half-dollar machines, and the nickel machines in San Mateo County—and they were moved in. I got the date. I got first the number of the machine, serial number, the date of purchase, what it cost, and the location of the machine.

Mr. HALLEY. Where did you get that information?

Mr. BURKETT. J. & A. Sales in Menlo Park, who is the head men of the slots down there. Mr. Gianotti was reported to be the front



man for Georgetti. We knew that Georgetti had run the slots. He started out with three slots and he graduated to be the slot king. And then he had the Willow Tree and he became quite a head man, so this was small time, picking up these things.

So I went in to Georgetti and I went through his books, and the grand jury down there could have gone right out and picked up the books which showed that these machines went in in 1938. They were in the El Gaucho, the Mountain House, the Hi-Lo Club, every club and place where the slots have been. They have been there for years.

At that moment we walked into there, he fanned out and pulled in all the slot machines. The Sunday paper or the Monday paper had it that the slots were down there and he started raising hell with me as to who put it in the paper, and I said, "I didn't put it in."

At the same time the sheriff's men were going in and out of the places. The lists are in the local collector's office if they want to take a look at them. That little piece of evidence, do you want to look at it, gentlemen?

Senator WILEY. How many are there?

Mr. BURKETT. Three, four, or five hundred.

Senator WILEY. May we have that copy?

Mr. BURKETT. Yes.

Mr. HALLEY. Do you want that in evidence?

The CHAIRMAN. We will make that an exhibit to Burkett's testimony, the photostats marked "Slots" in San Mateo County.

(Photostats marked "Slots" were thereupon entered in evidence as exhibit No. 26, and is on file with the committee.)

Mr. BURKETT. I go to the postal service and ask them to give me an account of all of the sheriff's mail, Mr. Georgetti's mail, and Mr. Gianotti's mail, and we did that in 20 cases and finally I found out that there was a little card selling race-horse stock to Sheriff McGrath; so I didn't want the Government to pay for a wild-goose chase, so one day, when I was down in Los Angeles on my own expense, I went out to the Turf Club where this issue was and walked in and served a summons at the Hollywood Turf Club and said, "Does Mr. Georgetti or Mr. McGrath have any race-horse stock?" And I find the stock transfer from the gambling head to the sheriff, transferring this stock. I came back to the office highly elated that we got first evidence of the working arrangement—at least a sale—and then I show the telephone calls between these people.

And up comes the No. 2 man, Mr. Lowrey as a friend of the district attorney, which is just circumstance, and I concentrate—I had so many involved. It has been worked for years down there. You can see these slots. There is nothing just overnight. So I go and get further evidence on Georgetti, running his net worth up, and, gentlemen, that net worth is by net worth statements in the Bank of America which show the following: That in May 1944 he made a sworn statement, which is a felony in the State of California for falsification, that he had \$410,000 and that that increased to nearly a million bucks in 1947, so if you take that evidence right there——

The CHAIRMAN. Wait a minute now. You had a sworn statement in May that he had \$410,000?

Mr. BURKETT. Yes.

The CHAIRMAN. And you say that increased to——

Mr. BURKETT. \$961,877.41 in 1947.

The CHAIRMAN. Was that his own sworn statement?

Mr. BURKETT. Yes, sir.

The CHAIRMAN. \$961——

Mr. BURKETT (continuing). 877.41.

The CHAIRMAN. Now, where is that affidavit?

Mr. BURKETT. That is in the Bank of America office in San Francisco. We used that evidence to jacket Mr. Georgetti, make it official in every respect, and if you work those right from that evidence alone, which is the same evidence you work on others on a net worth basis, Mr. Georgetti, for the years '44 to '46, willfully—I mean, had an understatement of income, according to his income tax returns, of \$456,497.94. With that we asked for time to go down in San Mateo. We got down there on these slots and working on McGrath and working on Georgetti and got even one statement from a man who stated that he admitted that he was run out of running slots in that county and that he had passed money to Sheriff McGrath.

The CHAIRMAN. What was his name?

Mr. BURKETT. His name is—he is dead now. He had a heart attack, and it's in my notes in my file which you will find under the number SI-34004F.

With that all getting pretty good, the Federal revenue agent got a threat over the phone in which it stated, and which I wrote to the chief—I mean Mr. Reid——

Senator WILEY. You got the threat personally?

Mr. BURKETT. I didn't, sir.

I reported that to Mr. Reid, March 28, 1949. I also told him that I had gotten a statement from Dr. Guardino, the chairman of the law enforcement committee of San Mateo grand jury. He received a threat as follows:

If you don't watch out, your head will be brought home in a basket. You are going to get it if you don't watch out.

The CHAIRMAN. Whom to?

Mr. BURKETT. To the chairman of the law enforcement committee of San Mateo County grand jury, Dr. Guardino.

I stated:

Evidence produced to the revenue agents cooperating with this special agent indicates extensive fraud violation in which protection pay-offs are involved. Due to the extensive nature of the case, it is believed advisable to request the assistance of an additional internal revenue agent or a deputy collector.

The guy just laughed and he said: "I never heard of such a thing."

Senator WILEY. Who was this?

Mr. BURKETT. Mr. Reid, he just laughed about the whole incident.

Senator WILEY. Who was he?

Mr. BURKETT. He is the head man up there. So from that date forward, Mr. Fetchheimer never worked with me. He was told to stay at his desk and if I brought any evidence out and if I brought it in to tell it to Mr. Fetchheimer and which Mr. Fetchheimer told me in some 20 years he had never been called on a case except when he was in Nevada. As I recall, it was a newspaper case and he was called out of there very fast and he said that was the only other case he was ever called on.

I requested the assistance of the revenue agents for the continuation of the case. When I left the Intelligence Unit, I wrote the special agent in charge again. I point out that on March 28, 1949, the revenue agent's office discontinued the joint investigation and although the investigation was not near completion, the matter is under active—

The CHAIRMAN. Just tell us what it said.

Mr. BURKETT. Well, telling him that this thing was outlawing and that evidence was there, this man owns the bangtail, Willow Tree Club, the Willow Tree itself, the La Hondo, the 101 Club, several others, a bank building over in Oakland. He owns a Holly Meat Co. I found all the books down here in San Francisco in the hands of a third party. I went to Mr. Rogers and said, "Could I get those books you ultimately got?"

There were hundreds of thousands of dollars involved. The gambings of Mr. Georgetti were in the books. But the details of how I got them are interesting. This memorandum tells the law on how to serve a summons. My immediate superior said I couldn't serve a summons on Georgetti, a big hoodlum, whose net worth jumped from a half million to a million. I said it takes jacketing. He said, "Go see Mr. Reid." I said, "I am going to see Mr. Reid; I am going to serve a summons, because I was down to this C. P. A. yesterday and this C. P. A. told me, 'Yes, I have all the books of Mr. Georgetti. I prepare his returns, but Mr. Burkett and Mr. Fetchheimer, I don't think that he should see those books because in those books are the records of the pay-offs and I don't think you are allowed to see them.'"

The CHAIRMAN. What is the name of the C. P. A.?

Mr. BURKETT. Bittner. He was in bad health. He talked about his heart.

The CHAIRMAN. In San Francisco?

Mr. BURKETT. Yes. He has died on account of his heart since then. I said, "This man may die," I said, "Mr. Rogers may be right on this; I will go see the law department and see if I have the right of serving this summons." I didn't want to serve a summons on Georgetti without Uncle Sam backing me up. I went to the law department and was advised that I had better get the United States attorney to approve.

I did go down in a cab and serve the summons on the building manager, got the janitor to take the books and lock them all up, bury the key and went into the CPA and said, "The books are all tied up; I am giving you a summons for what you got upstairs."

Well, he called his attorney then and the attorneys say, "Well, Burkett, who are the gentlemen who authorized this?" And I said, "Who? The Intelligence Unit."

The guy calls up and said, "There is a man here named Burkett and he said you authorized the serving of a summons."

He said he never authorized the summons. He said, "I didn't know anything about the entire matter," and I said, "Look, I am not lying, really not. Mr. Mortonson was with me in McMillen's office and you can check with him." And the guy hung up and he said, "What are you trying to pull?" And I said, "I am not trying to pull anything, and I have got an authorization to jacket Mr. Georgetti and I want to see the books; that's all I know."

Then he said, "Who is your boss?" So he called Reid and he tells Reid that they are going to cooperate.



Reid said to me, "Burkett, they are going to cooperate." I said, "Sure, but these men tell me they aren't going to go by the summons; they are going to make us enforce that subpoena." He said, "We don't want any trouble. Come back to the office."

So I get back and he said, "Mr. Burkett, I know Mr. Zirpoli and I know that these men are going to cooperate," and I said, "I know, sir," but, I said, "May I have one opinion, and that is if there is a pay-off in those books, with the best ethical lawyer, he may have to go out for a moment and if there is the evidence and it is a matter of self-preservation, a man might grab that evidence and destroy it." I said, "Let him cooperate my way, or our way, once." In fact, I said, "Let them come up and put those books up here and let's look at them," and he said, "No, no, no, they assured me that they will have all the books ready in 30 days."

The CHAIRMAN. Who was this?

MR. BURKETT. That was Reid. Well, Mr. Reid is an older man. He has gone through a lot and I didn't want to argue with him and I did all I could, I thought. I sometimes think that I didn't, but maybe I did too much. I don't know; that remains. That is not important, but what is important is this: Within the 30 days the revenue agent and I were called to come see the books. And the books were out of the basement and they are strapped with adhesive tape.

Mr. Alioto says I can't go any further. I said, "Look, the man has a ranch and he bought cows in 1940 for a hundred bucks a head and he sells them for two hundred in 1947. Do you mean to tell me I can't look in the 1940 and find out if he really got that much profit or that he got a loss? Look, Joe, Mr. Alioto, I don't want to argue with you, but these books are of no use. We will have to do it the hard way, go out and compile Mr. Georgetti's net worth the hard way."

Mr. Fetchheimer was stuck to his desk and I never did get any assistance up until they assigned another agent, a special agent, who was so bogged down with the Chinese case there wasn't anything to it. One time I had Georgetti's partner in the meat company come over. Again, at this time, a corporation officer. I have heard many times, in corporation cases, that you could serve a summons on corporation officers and corporations have no rights whatsoever, so I went to my superior again and said again, "We have Georgetti's boy up here. I checked this man and he started out as a bank clerk and he has never had any money over \$150 a month, and how did he buy into a partnership and then become a corporation with some \$60,000 to \$70,000? I want someone to explain that."

He said, "Don't serve a summons."

I again said modestly that I think the law is different and he said, "Dont' do it." So again we brought him in and the man says Alioto tells him not to talk, and so we thank him for coming in and that is that.

Back to Mr. Robinson's question on the 700,000. During this period we went around through all of Georgetti's books building up the hard way. We checked Georgetti's account in the Bank of America out here on Mission Street, I think it is. I have it in that report. I referred to the exact address. You will find a man named Kramer authorized to deposit and withdraw on the Willow Street Club, as well as other Georgetti accounts. And so, in doing a case the hard way, we go



through all the money end on the tax, trace it back, and also the cashier's checks, so we added up the cashier's checks and there were right around 700,000 in cashier's checks that have been authorized, Georgetti through Kramer, in and out of the account which are not recorded in the ledgers because later I did get some of the ledgers and there was nothing on that.

We either have Kramer or you have Georgetti or you have both. Again, nothing happens to either of the cases.

Senator WILEY. Just what do you mean by cashier's checks?

Mr. BURKETT. The man who brought in cash from the gambling house in the morning brings it and sticks it on the counter and gets a cashier's checks, takes the cashier's check and cashes it himself later.

Georgetti's man in this case had the power of attorney. They were lifelong friends. I happened to have an informer who has seen him there, who has known of this association. Mr. Georgetti goes clear from Colma clear to this branch out here to bank. He had a reason to bank there.

Senator WILEY. In order to get that clear in my mind, I think I understand what you mean. You mean when the money was brought in, instead of being deposited to the account, that he just got a cashier's check or a draft?

Mr. BURKETT. That's right.

Senator WILEY. For the amount?

Mr. BURKETT. Yes, sir.

Senator WILEY. O. K. And then there is nothing to show what became of that cashier's check?

Mr. BURKETT. Except it was cashed.

Senator WILEY. Yes.

Mr. BURKETT. Yes.

Senator WILEY. It doesn't show where the money was?

Mr. BURKETT. No.

Senator TOBEY. Was that payable to the man who brought the money in?

Mr. BURKETT. Payable to the man who brought it in.

Senator TOBEY. And that becomes income, as evidence that that is income?

Mr. BURKETT. Yes.

Senator TOBEY. And that endorsement?

Mr. BURKETT. Yes.

Senator TOBEY. I see.

Mr. BURKETT. And all of these things——

Senator WILEY. Over how long a period was the 700,000 deposited?

Mr. BURKETT. That was only a year.

Senator WILEY. A year?

Mr. BURKETT. Yes, a little over a year.

Mr. HALLEY. Do you know whether Georgetti had any dealings with Mooney or Schino?

Mr. BURKETT. When I am the investigator I always look at the phones, under the blotter, and in his little phone book. I always have his mail checked and always have his phone calls by his friends. Sometimes you know a man. And in this little Gianetti's things, boom, we have Schino's home phone number, his office there, and Mr. Schino lives with George Creel up on 1000 Vallejo Street and he is a pretty

hard man to locate. He is not in the book and he is a man of mystery, too. At least I had difficulty in finding him.

Senator TOBEY. What about Mr. Samish?

Mr. BURKETT. Now, Senator, if it may be brought in on Samish, when a man tells me that something is wrong, I agree with him, but I also want to know what made him successful.

I started out on the end of the shovel at 25 cents an hour. That is all I will ever have, probably, but since this man was the reviewer, and I wanted to take Mr. Murphy's word as to what was wrong, and in both cases there was a transposition in the dates of a man's birth, and they weren't serious errors, but it was an error and probably I am a perfectionist—I wanted it perfect. I work for perfection, so I went down and I said, "If Murphy is perfect, I want to see him work," and he was there for 25 years and I never found any convictions, but he had Samish's character, so we pull Samish and look through his case. I wanted to know what the Intelligence Unit had done to Mr. Samish in the many years that Mr. Samish had operated here.

Mr. HALLEY. Can you summarize?

Mr. BURKETT. Mr. Murphy asked him if he had evaded the income tax—he asked his attorney and the attorney said no. He asked the man who signed the checks for Mr. Samish, the big cashiers and so forth, so they all said Samish was a fine man, so Murphy reached the conclusion it was a political deal; that the Governor then was, I think, a Democrat or Republican, and that this man was a Democrat or Republican.

I was so shocked by it; I had enough work to do, but I went down and pulled Samish's returns and Samish's returns are astounding. He has amassed a good fortune from representing these accounts of the liquor syndicate. It is so astounding that I went to the boss and I said, "Look, we have got a real deal here. I got enough to do, but I am just making this suggestion. This man represents the Brewers Institute, a nonprofit corporation which has the cloak of being a wonderful thing, telling people the value of beers or hops or something. I presume that is a deductible contribution as long as they talk about vitamins and good beer. All we do is don't investigate Samish; let's go down and toss a couple of men down in the Brewers Institute, a non-profit corporation down there.

Now, we request of the institute, "What do you do with the dough?" And they said, "We give it to Samish," so the money moves to Samish and we said to Samish, "What do you do with the dough? Is it income?"

"No, it's not income."

"What do you do with it?"

"Well, I can't tell you."

"I mean, do you give it to the legislators and buy this power?"

"I can't tell you that."

"O. K., if you can't tell us, it is income, because it is up to you to explain that point."

If Samish had to pay the income tax on that amount of money, he would go broke. He couldn't possibly pay it, and that would end Mr. Samish.

The CHAIRMAN. What is the name of that association?

Mr. BURKETT. The Brewers Institute.

Mr. HALLEY. How much money was going from the institution to Samish, do you recall?

Mr. BURKETT. I may have that here—no.

Senator WILEY. You mean the money that was paid by the institute to Samish?

Mr. BURKETT. Yes.

Mr. HALLEY. So it would break a wealthy man?

Mr. BURKETT. Not his fee, no. It was only thirty to forty thousand, but all this money coming from the various brewers institutes, allegedly to educate the public on the value of beer.

Mr. HALLEY. I understand that. How much was the amount? Was it over a million dollars a year?

Mr. BURKETT. I don't know, but—

The CHAIRMAN. How much was paid to Samish for whatever purpose?

Mr. BURKETT. His fee?

The CHAIRMAN. Not his fee. I mean his slush fund, or whatever—

Mr. BURKETT. That would run up into hundreds or thousands of dollars from the nonprofit corporation because they sent the money to Samish.

Mr. HALLEY. And they spend it in various ways?

Senator TOBEY. And that is the only group that sends money to him?

Mr. BURKETT. Yes, he has heavy stock in Schenley's and has a large retainer fee from Schenley's. He had other things, cigarette companies, and he had a restaurant association.

Mr. HALLEY. He had other brewery interests, other distinct interests, too?

Mr. BURKETT. Yes.

Mr. HALLEY. I mean, that is the only question, is it?

Mr. BURKETT. No; it's all listed on his return, and that is what I was trying to point out, that the income came to Samish. You can get it civilly—and then if he will admit that he did spend it for the following things which are political, then we go back through the nonprofit corporation and go back to the corporation and say that it is not legitimate, that it is against the Corporate Practice Act, and the money cannot be for influencing agents and so forth.

Mr. HALLEY. Whom did you refer the matter to?

Mr. BURKETT. I just told my boss there.

Mr. HALLEY. Told which one?

Mr. BURKETT. Rogers.

Mr. HALLEY. What happened then? Has any investigation ever been made of that brewers institute?

Mr. BURKETT. No, sir.

Mr. HALLEY. Did you prepare memorandums from Mr. Rogers in your file?

Mr. BURKETT. I had a file on Samish there, and it's in my work papers. The return was—I don't mean to boast any, sir, but the Internal Revenue posted 12 cases the other day. I did 3 of them, in all of northern California, the 12 that were done, I did 3. That covered 25 percent of the work that they had even listed as their cases; and then on the other 18, my workload was a little more than usual; and on Samish, I am sure I wrote one, but I can't recall at the moment.



Mr. HALLEY. To make a little speed, do you have any other files of interest?

Mr. BURKETT. There was Joe Sica, a narcotic peddler that the Narcotics Bureau worked on.

Mr. HALLEY. What do you know about the Remmer case?

Mr. BURKETT. The Remmer case has been computed for some time, and I can give you the tax figures if you want them.

Mr. HALLEY. Is it a fact that Mooney prepared the Remmer returns?

Mr. BURKETT. Yes, sir.

Mr. HALLEY. How do you establish that?

Mr. BURKETT. By a piece of evidence which Mr. Mooney signed.

Mr. HALLEY. What is that?

Mr. BURKETT. Mr. Mooney made a sworn statement on April 15, 1948, in which he stated that he had prepared Mr. Remmer's returns as well as his wife's returns for the calendar years 1942, 1943, 1944, 1945, and 1946; that he had prepared the amended returns for Mr. and Mrs. Remmer which have not yet been filed, and since they have not yet been signed by the taxpayers.

Mr. HALLEY. During that period was Remmer buying copper stock?

Mr. BURKETT. Yes. You will find the stock stated at the date of the check on August 31, 1946, in which there was \$2,400, check No. 227, Cal-Neva Lodge, phoned by Mr. Bones Remmer and signed, went through the bank and endorsed "Mountain City Con. Copper," by Mooney's secretary.

The CHAIRMAN. Where can we get a list of all the stockholders of this company?

Mr. BURKETT. Sir, I believe Mr. Mooney would have them.

The CHAIRMAN. Have you got them?

Mr. BURKETT. I haven't. I wished to have gone to Reno myself.

The CHAIRMAN. What was the final outcome of this Georgetti case? Was it ever prosecuted, or whatever happened to him?

Mr. BURKETT. Do you want to have this?

The CHAIRMAN. Yes; make this exhibit No. 27.

(Exhibit No. 27 follows:)

UNITED STATES OF AMERICA,

*District of Nevada, ss:*

I, Patrick Mooney, being first duly sworn, upon my oath depose and say:

That I reside at 800 South Center St., Reno, Nev.

That I have been employed as a deputy collector of the Bureau of Internal Revenue for the past 15 years with post of duty at Reno, or Las Vegas, Nev.

That I have prepared the individual income-tax returns of Elmer F. Remmer and Helen L. Remmer, husband and wife, for the calendar years 1942, 1943, 1944, 1945, and 1946; that I prepared amended returns which were filed for these taxpayers for the year 1943; and that early in 1948 I prepared amended returns for the year 1944 which have not yet been filed since they have not yet been signed by the taxpayers although I have informed them that such returns should be filed.

That the information from which I prepared these returns was submitted to me by Elmer F. Remmer, or by William E. Kyne, Harold F. Maundrell, or A. B. Slater; that at no time did I see any books or records concerning the financial transactions of Elmer F. Remmer as an individual, or of any of his enterprises; and that I have no knowledge what the nature of such records may be.

That I have no knowledge of any income of Elmer F. Remmer, or of his wife, Helen L. Remmer, except that shown on the returns filed for the years above stated, which returns I prepared from information submitted to me.

That I have no information in my possession with respect to the financial transactions or income of Elmer F. Remmer, or of his wife, Helen L. Remmer, other than copies of the income-tax returns which I prepared.



That I have no knowledge of any financial transactions, or sources of income, that Elmer F. Remmer, or his wife, Helen L. Remmer, may have in the State of Nevada, or may have had therein in the past other than the interest of Elmer F. Remmer in a business known as the Cal-Neva Lodge, which is operated by a corporation organized under the law of the State of Nevada; and that Elmer F. Remmer told me that he never received anything from said corporation.

That I received no compensation for the preparation of the returns referred to above other than my regular salary as a deputy collector.

I have made this statement freely and voluntarily, without any threats, or rewards, or promises of reward having been made to me, in return for it.

PATRICK MOONEY.

Subscribed and sworn to before me at 4:15 p. m. this 13th day of April 1948 in room 306, Clay-Peters Building, Reno, Nev.

RAY A. WEAVER,  
*Special Agent.*

Witnesses:

L. R. FORKNESS,  
R. W. N. MORGAN,  
*Internal Revenue Agents.*

The CHAIRMAN. I don't mean in any detail. Just what happened to the case?

Mr. BURKETT. Well, threats came up.

The CHAIRMAN. We have got to get along.

Mr. BURKETT. The threat came up in March. I came back to the office, with no assistance on a case of that nature, with my wife taking the kids to school, and a personal fear, and as much as I wanted to do my duty, I decided that if he wanted to send along another agent, I would go. In the meantime, I kept working on other little cases, but I moved over to Jenkins and wrote up the Jenkins report and got it in in April so my time was confined to Jenkins, and, as I say, I was carrying a case load pretty heavy, and I found other things to do.

Mr. HALLEY. Did you work on Burns?

The CHAIRMAN. What finally happened on that, sir?

Mr. BURKETT. Nothing has happened.

The CHAIRMAN. No prosecution?

Mr. BURKETT. Nothing has happened.

The CHAIRMAN. No prosecution?

Mr. BURKETT. I wrote a last memorandum. The last thing I did was recommend that they go into it before it was outlawed, because there was a lot of good evidence.

The CHAIRMAN. Is it outlawed yet?

Mr. BURKETT. Yes, some of it; 1944 is the last year. The revenue agents' computation of that was \$145,000.

The CHAIRMAN. Then what happened? Nothing has been done with the Georgetti case?

Mr. BURKETT. No, sir.

The CHAIRMAN. What happened on the Samish case?

Mr. BURKETT. Nothing was ever done except that one case, sir, which was just a statement by—

The CHAIRMAN. I mean, they never followed your suggestion?

Mr. BURKETT. No.

The CHAIRMAN. Who killed that?

Mr. BURKETT. I don't know, sir.

Mr. HALLEY. He testified he just reported to Rogers.

The CHAIRMAN. What happened to Remmer? Has he been prosecuted?

Mr. BURKETT. No sir.

Mr. ROBINSON. Do you have a tax deficiency against Remmer?

Mr. BURKETT. The Government has a tax deficiency, I understand, and that figure is quite high, around—the total \$773,535.48, covering the years 1941 to 1946; and now these dates 1941, 1942, and 1943 are outlawed on both Elmer and Helen. There is still time to get 1945 and 1946.

The CHAIRMAN. Do you know what the status of it is now; where it is?

Mr. BURKETT. No, I don't, sir.

The CHAIRMAN. All right.

Senator WILEY. What has been done to try to collect that?

Mr. BURKETT. I don't know, sir, other than I have heard the attachments have been made on certain property. I don't know that to be a fact. That was Mr. Smyth's department.

Mr. HALLEY. Do you want to go on with Burns?

Mr. BURKETT. The Inez Burns case was, as far as the evidence is concerned, there was an arrangement by my immediate superior, Mr. Rogers, and he told me by a letter that started out, "You are hereby assigned on joint investigation and the case will be retained in my, Rogers' file, and I shall make the case status report at the end of each month."

I was the leg man who worked out Inez Burns. It was a very simple and easy case. All there was to it was to go down and see Pat Brown, the district attorney, and Tom Lynch, and the San Francisco Police Department, Inspectors Ahern and Cahill, and hence wrap it up, and that was what was done.

(Discussion off the record.)

The CHAIRMAN. What happened in her case?

Mr. BURKETT. It is over there in the Intelligence Unit, United States Treasury.

The CHAIRMAN. Here or in Washington?

Mr. BURKETT. San Francisco. I don't know, I left there March 15.

The CHAIRMAN. How many more cases have you got there, Mr. Burkett, that you can tell us about?

Mr. BURKETT. Well, there are many if you want to know about them. There is Julius Wilde, a bookie. He was convicted. Leahy was convicted.

The CHAIRMAN. Let me write that down. What is the first one?

Mr. BURKETT. Charles Leahy, a bookie. Julius Wilde.

The CHAIRMAN. Who else?

Mr. BURKETT. Termini.

Mr. ROBINSON. The important thing with Julius Wilde, was that the result of your popping off to the court?

Mr. BURKETT. That was the Leahy case, I believe, sir.

The CHAIRMAN. Now, the Leahy case, has there been an income-tax case made and prosecuted, or what is the situation?

Mr. BURKETT. Yes, there was a case again where I got a confession from Mr. Leahy, and he willfully evaded and defeated his income tax. They didn't go into the books on his confession.

The CHAIRMAN. Was it prosecuted, or what happened?

Mr. BURKETT. Yes, he was prosecuted. The only thing was that he stated that he was going to attempt to fix a Federal official, and I think

possibly, from the circumstances involved in the case, you might gather that there was an attempted fix, but I won't go into it unless you want it.

MR. HALLEY. Can you state whether or not any of the agents lived in a manner which was not accounted for by their income?

MR. BURKETT. Sir, one of the first things that an agent learns is that—that is the first thing that an agent wouldn't do, that is, to live beyond his means if he were dishonest. That is a piece of circumstantial evidence that is almost elementary after a man works a week, because that's the first way we catch them. Is a man so stupid as to drive Cadillacs and live beyond his means and check his income-tax return and find something to go along with that?

THE CHAIRMAN. Now, look, let me ask this: Say on tomorrow or whenever we can do it, could we make arrangements with you, with Mr. Robinson, or whomever we may have available, to be here to go on through and get the details in all of the other cases that you have investigated?

MR. BURKETT. I would be happy to, sir.

THE CHAIRMAN. I mean Senator Tobey and Senator Wiley and I will not be here, and if we were not here you could go over the full details and perhaps develop other details in other cases that you have just had.

MR. BURKETT. I would be very glad to do it, sir.

THE CHAIRMAN. We would appreciate it very much and you would be rendering us a great service, and I think the country a great service, if you would do it.

MR. BURKETT. Thank you.

(Discussion off the record.)

THE CHAIRMAN. I just want to say that I think this: My impression is that we need more people around like you, Mr. Burkett.

MR. BURKETT. That is nice of you, sir.

THE CHAIRMAN. I want to express great admiration for the job you have tried to do and the service you have tried to render, and we want you to know that we feel that you are doing your Government a great service in coming here and helping us with our inquiry.

MR. BURKETT. Thank you.

THE CHAIRMAN. You hold on to those files you have got with you.

MR. BURKETT. I will, sir.

SENATOR TOBEY. A man called me by name, had my picture, and said, "I am a reporter from such and such a paper," and he called me to one side and he pointed out to me: "The biggest thing you can do is to get before a man named Burkett. He is as straight as a string. I beg of you to have him come before you." That is how you are regarded by the man of the press. I concur.

MR. BURKETT. Thank you, sir. I feel that this group is the last plug, sir. I hope and wish you every success.

THE CHAIRMAN. Thank you, sir.

Now, this thing impresses me, of course, since we have got these other people, I think we ought to get in all of them we can.

(Discussion off the record.)

(An adjournment was taken in the hearing to 1:30 p. m.)



**FURTHER TESTIMONY OF WILLIAM ROBERTSON,  
SEAL BEACH, CALIF.**

Mr. HALLEY. Sorry to keep you another day.

The CHAIRMAN. Mr. Robertson has been sworn.

Mr. HALLEY. You were ordered to produce certain records; have you produced them?

Mr. ROBERTSON. I don't have all; I have a lot of them.

Mr. HALLEY. Will you deliver what you have?

The CHAIRMAN. Explain in general terms what you have. It will be made a part of the record of this committee.

Mr. ROBERTSON. I have the cash book of receipts of the newspaper operation. One of those I couldn't find. It must be around there some place. It goes back to June 8, 1949, and another before this. I think I will be able to get it to you gentlemen. I couldn't find it.

Mr. RUYMANN. Retained copies of your returns?

Mr. ROBERTSON. Yes.

Mr. HALLEY. Do you have the copies of your income-tax returns?

Mr. ROBERTSON. I have some of them; some I couldn't find, but I know must have them some place.

Mr. HALLEY. May I see the ones you have here?

Mr. ROBERTSON. I have the 1944 for California, and then the United States—

Mr. HALLEY. Have only 1948, 1949, Federal, and 1944 for California, is that all?

Mr. ROBERTSON. Well, there is, I am sure there must be a couple more. I thought I had them, but I don't see it here. They may be mixed among these stock market transaction papers here. I don't see it, but I am pretty sure I have them some place.

Mr. HALLEY. What other records do you have here?

Mr. ROBERTSON. I have stock market transactions, and then purchase and sale of some property, and canceled checks.

Mr. RUYMANN. Do you have any way of identifying the outside, Mr. Robertson?

Mr. ROBERTSON. These are canceled checks for these given years, 1946, 1947, 1948, and 1949. Then I have some more here that I imagine are for 1950, noticing the postmarks.

Mr. RUYMANN. May I make pencil notes about that?

Mr. ROBERTSON. Surely, you bet.

Mr. HALLEY. Do you have any records going prior to 1940 when you left the police department?

Mr. ROBERTSON. I didn't come across any. It is barely possible, we moved not too long ago, and it is barely possible I have some some place, but I am not sure. I looked for them, but I didn't have too much time in which to make a complete search.

The CHAIRMAN. Mr. Ruymann, you take these.

Mr. RUYMANN. This is 1950?

Mr. ROBERTSON. I think so. The only way I can tell is by opening them up. There is no postmark on them.

Mr. RUYMANN. Put this rubber band around all of them.

Mr. ROBERTSON. That is O. K.

Mr. HALLEY. In 1949 were you operating the Airport Club?

Mr. ROBERTSON. No.

Mr. HALLEY. At Seal Beach. What was the last year you operated the club?



Mr. ROBERTSON. It opened I believe about June 9, this year.

Mr. HALLEY. June of this year?

Mr. ROBERTSON. That's right.

Mr. HALLEY. What business did you have prior to June of this year?

Mr. ROBERTSON. I had the newspaper and that is the only business I had in which I was actively interested.

Mr. HALLEY. What was that?

Mr. ROBERTSON. Actively interested.

Mr. HALLEY. Did you have any other business in which you had invested?

Mr. ROBERTSON. No, possibly stocks is all, all I can think of.

Mr. HALLEY. I note your 1949 United States individual income-tax return shows a net loss, is that correct?

Mr. ROBERTSON. Whatever it shows, that is correct.

Mr. HALLEY. Well, I show it to you and ask you if it does not.

Mr. ROBERTSON. Well, that would be correct.

Mr. HALLEY. And your 1948 return shows a net loss?

Mr. ROBERTSON. M-hm [affirmative].

Mr. HALLEY. Now, on the newspaper, how long have you run that newspaper at Seal Beach?

Mr. ROBERTSON. I couldn't tell you, but I think it is 1944.

Mr. HALLEY. Have you ever run it at a profit?

Mr. ROBERTSON. I don't think so.

The CHAIRMAN. What is the name of the newspaper?

Mr. ROBERTSON. Seal Beach Post.

Mr. HALLEY. How much did you invest in the Airport Club?

Mr. ROBERTSON. A little over \$52,000.

Mr. HALLEY. Have you had no source of income since you left the police force in 1940?

Mr. ROBERTSON. Oh, yes.

Mr. HALLEY. That shows up in your income-tax returns for 1948 and 1949, and you say in the newspaper you had a profit?

Mr. ROBERTSON. Well, I operated a printing—bought a printing shop in Los Angeles. I think that was about 1944 or 1945, and I kept it about, I don't know, something less than a year and I made something over \$20,000 on the operation, on the resale of it.

Mr. HALLEY. Did you make any operating profits at all or was the \$20,000 the net earning?

Mr. ROBERTSON. I couldn't tell you.

Mr. HALLEY. I am trying to find out if you have been operating since 1940 on the money you accumulated before you left the police department.

Mr. ROBERTSON. Well, there has been a profit in the stock-market transactions, I think possibly there was. You have the 1944 return, don't you?

Mr. HALLEY. Just a statement—

Mr. ROBERTSON. Possibly—

Mr. HALLEY. No; your 1944 return shows a capital gain of \$12,000, but it shows bad debts of \$13,000 and a net loss; is that not right?

Mr. ROBERTSON. I don't know; whatever that reflects, that would be correct.

Mr. HALLEY. What position did you hold on the police department?

Mr. ROBERTSON. I was a lieutenant of detectives.

Mr. HALLEY. And in charge of what activities?

Mr. ROBERTSON. Hotels.

Mr. HALLEY. What do you mean by hotels?

Mr. ROBERTSON. Hotel detail.

Mr. HALLEY. Did that have to do with vice and gambling?

Mr. ROBERTSON. No; definitely not.

Mr. HALLEY. What did you do at hotels?

Mr. ROBERTSON. Well, it had to do with crimes that were felonious in nature committed in hotels in Los Angeles, and we covered Palm Springs and Coronado and San Diego. I remember we were down there on a couple of cases. I think those were swindles, and I believe one of them was at the request of Graham, the Post Office Department in New York City.

Mr. HALLEY. You mean Frank Graham?

Mr. ROBERTSON. No, Herb.

Mr. HALLEY. You were on the Los Angeles city police, is that right?

Mr. ROBERTSON. Yes.

Mr. HALLEY. For how many years?

Mr. ROBERTSON. Gee, I don't know, be 17, 18 years, something like that.

Mr. HALLEY. You say you retired or resigned in 1940?

Mr. ROBERTSON. I resigned, I believe, in December of 1940.

Mr. HALLEY. At that time were there any charges against you?

Mr. ROBERTSON. Well, there was an investigation going on before the police commission.

Mr. HALLEY. What was the nature of that investigation?

Mr. ROBERTSON. I was questioned because of sources of income.

Mr. HALLEY. Sources of income?

Mr. ROBERTSON. Correct.

Mr. HALLEY. And pending that investigation you resigned?

Mr. ROBERTSON. Well, I was informed that the investigation had been closed by Arthur Holman, the chief of police.

Mr. HALLEY. Were you exonerated?

Mr. ROBERTSON. I don't think it was a hearing of that kind.

Mr. HALLEY. What do you mean by that?

Mr. ROBERTSON. Well, it wasn't one in which you could be convicted or exonerated.

Mr. HALLEY. Well, when it was closed did they take any action?

Mr. ROBERTSON. No.

Mr. HALLEY. When did you resign, right shortly after it was closed?

Mr. ROBERTSON. Well, couldn't tell you just offhand. It would seem to me like it was possibly a week or something of the sort.

Mr. HALLEY. And at that time what was your net worth?

Mr. ROBERTSON. I really couldn't tell you.

Mr. HALLEY. I think you said something about \$150,000?

Mr. ROBERTSON. I think that was in response to a question, if I remember correctly, how much is the most I had been worth.

Mr. HALLEY. What is the most you have been worth?

Mr. ROBERTSON. I think that would be approximately it.

Mr. HALLEY. About what time were you worth \$150,000?

Mr. ROBERTSON. Well, that I couldn't tell you.

Mr. HALLEY. What were you worth in 1940 when you quit the police department?

Mr. ROBERTSON. I couldn't tell you.

Mr. HALLEY. Were you worth \$100,000?

Mr. ROBERTSON. Well, I really have no way of telling.

Mr. HALLEY. Were you worth \$10,000?

Mr. ROBERTSON. Well, I imagine I was worth more than that, surely.

Mr. HALLEY. Were you worth \$50,000 when you quit the police department?

Mr. ROBERTSON. I couldn't tell you Mr. Halley; I don't think so.

The CHAIRMAN. You said in Los Angeles you were worth \$150,000, if I remember.

Mr. ROBERTSON. I didn't quite understand.

The CHAIRMAN. You said in Los Angeles when you left you were worth \$150,000.

Mr. ROBERTSON. Then I misunderstood the question, because I understood him to say the most I have been worth.

Mr. HALLEY. I don't believe I asked that, but in any event when you left the police department you think you were worth at least \$50,000; is that right?

Mr. ROBERTSON. Well, I think I was worth more than that, but I don't have any way of telling you for sure.

Mr. HALLEY. You think you might have been worth much more than \$100,000 when you left the police department?

Mr. ROBERTSON. Yes, it is possible.

Mr. HALLEY. Is it probable?

Mr. ROBERTSON. Yes.

Mr. HALLEY. Now, what income have you had since 1940 and from what source?

Mr. ROBERTSON. From the stock market and purchase and sale of this plant at 1508 Main Street, Los Angeles.

Mr. HALLEY. What records have you to show concerning your income?

Mr. ROBERTSON. Well, I think that income-tax report that I made will show you that and I may be able to find a profit-and-loss statement compiled by a certified public accountant with respect to that particular transaction.

Mr. HALLEY. What income-tax report are you talking about?

Mr. ROBERTSON. Well, I believe it is in 1946. I think I sold that property in 1945 and it would be reflected in the——

Mr. HALLEY. Are you referring to your printing plant?

Mr. ROBERTSON. That is right.

Mr. HALLEY. What other evidences of income have you? Where are your income-tax returns for the years 1940 to 1947?

Mr. ROBERTSON. I couldn't tell you where they are. I imagine that they have been destroyed. I don't generally keep records around. As a matter of fact, I was a little surprised when I asked Mrs. Robertson if she had any records of any kind and she dug up this one for me here which has to do with the stock-market transactions going back for a long time.

Mr. HALLEY. Is the Seal Beach News a hobby with you?

Mr. ROBERTSON. Seal Beach Post.

Mr. HALLEY. Yes.

Mr. ROBERTSON. Well, not necessarily. It is a newspaper, and I devote my time to it.



Mr. HALLEY. Never made any money out of it, have you?

Mr. ROBERTSON. No. I think it will probably show a return this year for the first time. A profit.

Mr. HALLEY. Have you taken a salary from it?

Mr. ROBERTSON. Never.

Mr. HALLEY. How much money did you invest in it?

Mr. ROBERTSON. I don't recall offhand—about seven or eight thousand dollars—something like that.

Mr. HALLEY. Is it a fact that the Seal Beach newspaper has consistently advocated legalized gambling?

Mr. ROBERTSON. It has not.

Mr. HALLEY. Has it taken any position with reference to gambling?

Mr. ROBERTSON. None.

Mr. HALLEY. Has it taken any position with reference to card games?

Mr. ROBERTSON. Definitely not.

Mr. HALLEY. It has not?

Mr. ROBERTSON. No, sir.

Mr. HALLEY. What has been your policy with regard to games or chance at Seal Beach throughout?

Mr. ROBERTSON. No; never comment about it at all.

Mr. HALLEY. Never commented on it in any way?

Mr. ROBERTSON. No, sir.

Mr. HALLEY. How did you happen to get involved in the Airport Club?

Mr. ROBERTSON. Well, I don't know just exactly how I did get started.

Mr. HALLEY. How much—you say you invested \$55,000 in it?

Mr. ROBERTSON. No; I think it is—I think it is about \$52,000.

Mr. HALLEY. Of your own money?

Mr. ROBERTSON. Yes, sir.

Mr. HALLEY. Did you withdraw that from a bank?

Mr. ROBERTSON. No; I sold some stocks to get part of it and part I took from a safe.

Mr. HALLEY. From a safe?

Mr. ROBERTSON. That is right.

Mr. HALLEY. Where was the safe?

Mr. ROBERTSON. In my home.

Mr. HALLEY. How much money did you take from the safe?

Mr. ROBERTSON. That I couldn't tell you.

Mr. HALLEY. Was it in excess of \$10,000?

Mr. ROBERTSON. Yes.

Mr. HALLEY. Was it in excess of \$25,000?

Mr. ROBERTSON. I think possibly it was around 40—or——

Mr. HALLEY. Around \$40,000?

Mr. ROBERTSON. I think it may have been a little more, but in that neighborhood.

Mr. HALLEY. After that withdrawal did you still have any money left in the safe?

Mr. ROBERTSON. Well, I think possibly there is some in there, but I couldn't tell you—well, in the neighborhood of \$10,000, maybe \$8,000, maybe \$11,000; in there some place.

Mr. HALLEY. Do you have any bank account?



Mr. ROBERTSON. Well. I have the one in the newspaper, that is all.

Mr. HALLEY. What is that?

Mr. ROBERTSON. That is in the Seal Beach Post.

Mr. HALLEY. What bank?

Mr. ROBERTSON. Bank of America, Belmont Shore Branch.

Mr. HALLEY. Do you have any personal account?

Mr. ROBERTSON. Well, none other than a joint account that I have with Mrs. Robertson, which I don't use.

Mr. HALLEY. What bank is that?

Mr. ROBERTSON. Farmers and Merchants, in Los Angeles.

Mr. HALLEY. Mrs. Robertson have any other bank account?

Mr. ROBERTSON. Not to my knowledge.

Mr. HALLEY. Do you have a safe deposit box?

Mr. ROBERTSON. Yes, I have a safe deposit box, or we have. Let's see; it is in the Farmers and Merchants Bank, too.

Mr. HALLEY. That is the only one you and Mrs. Robertson have?

Mr. ROBERTSON. That is all I know about?

Mr. HALLEY. In addition to the \$10,000 in cash you say you left in the safe after you withdrew \$40,000 to buy the Seal Beach—I mean the Airport Club—stock, did you have any other cash?

Mr. ROBERTSON. Except what would be shown in the newspaper account, that is all.

Mr. HALLEY. What is your net worth today?

Mr. ROBERTSON. Well, let's see. I have about \$30,000, I guess, in the newspaper plant, and then I own a residence of about, it is worth possibly—I have invested in it about \$10,000; I have some stocks and bonds, I don't know how much they are worth, possibly 10 or 12 thousand, something like that.

Mr. HALLEY. You have about \$10,000 in cash?

Mr. ROBERTSON. Yes, it is just a little under; maybe a little more.

Mr. HALLEY. And you have about fifty-five thousand in the Airport Club?

Mr. ROBERTSON. It is less than that. I think about fifty-two.

Senator WILEY. Owe anything anywhere?

Mr. ROBERTSON. No, not—except current bills, whatever they might be.

Mr. HALLEY. Are there any other assets you have?

Mr. ROBERTSON. No; not that I can think of.

Senator WILEY. Loan any money to people?

Mr. ROBERTSON. No.

Mr. HALLEY. You had no income, or is it a fact you had no income except your profit of \$20,000 on the printing plant and certain profits in the sales of stock?

Mr. ROBERTSON. No; I notice another one here where I bought a building for \$3,750, and it was sold for some amount over \$12,000. I notice it here says, handed me cashier's check for \$12,166.

Senator WILEY. What date?

Mr. ROBERTSON. Well, this building was apparently bought on February 9, 1945, and was sold March 14, 1947.

Senator WILEY. Buy and sell any more real estate since you left the police force except what you testified to?

Mr. ROBERTSON. I bought 80 acres of land some place. I bought 80 acres of land at a tax sale that hasn't been sold. As a matter of fact I was not able to clear title on that yet.

Mr. HALLEY. Did you serve on the former Mayor Shaw?

Mr. ROBERTSON. Serve what?

Mr. HALLEY. Serve on the police department during the administration of Mayor Shaw?

Mr. ROBERTSON. I did.

Mr. HALLEY. He is the man who was recalled; is that correct?

Mr. ROBERTSON. That is correct.

Mr. HALLEY. You were pretty well acquainted with Mayor Shaw?

Mr. ROBERTSON. I don't think I met him over twice in my life.

Mr. HALLEY. Did you resign before or after the recall?

Mr. ROBERTSON. Seems to me like it was a couple of years later.

Mr. HALLEY. A couple of years after his recall?

Mr. ROBERTSON. It seems to me to be so.

Mr. HALLEY. Do you know William Bonelli?

Mr. ROBERTSON. Yes.

Mr. HALLEY. Do you still?

Mr. ROBERTSON. Do I which?

Mr. HALLEY. Do you still know him?

Mr. ROBERTSON. I know him if he came in the room, if that is what you mean.

Mr. HALLEY. He is on the board of equalization; is that right?

Mr. ROBERTSON. That is right.

Mr. HALLEY. Have you ever had any business dealings with Bonelli?

Mr. ROBERTSON. Well, I was interested in assisting him at the time he was indicted—I don't know, about 1938, 1939, or 1940, some place.

Mr. HALLEY. While you were still on the police department?

Mr. ROBERTSON. Yes.

Mr. HALLEY. How did you assist him?

Mr. ROBERTSON. Well, I loaned—loaned some money to the man or advanced some in connection with his defense. I raised campaign money for him.

Mr. HALLEY. Anything else?

Mr. ROBERTSON. Not that I recall.

Mr. HALLEY. Did you ever give him any money?

Mr. ROBERTSON. For what purpose?

Mr. HALLEY. For any purpose.

Mr. ROBERTSON. Well, do you mean in connection with his defense?

Mr. HALLEY. Sorry.

Mr. ROBERTSON. It has been so long, Mr. Halley, I don't—you mean in connection with his defense?

Mr. HALLEY. No, in connection with other matters. Ever collect any money and give it to him for various people?

Mr. ROBERTSON. Oh, yes.

Mr. HALLEY. Will you tell the committee about that?

Mr. ROBERTSON. Strictly for campaign contributions, and I forget, there is possibly fifteen thousand or such a matter, maybe seventeen thousand.

Mr. HALLEY. Who were some of the people who made campaign contributions?

Mr. ROBERTSON. I beg your pardon?

Mr. HALLEY. Who made contributions?

Mr. ROBERTSON. That was from hotel people.

Mr. HALLEY. You were on the hotel detail; is that right?

Mr. ROBERTSON. That's right.

Mr. HALLEY. And he was running for the board of equalization?

Mr. ROBERTSON. That is correct.

Mr. HALLEY. And that is the board that hands out the liquor licenses; isn't it?

Mr. ROBERTSON. Well, I don't think he does as an individual, I think the board of equalization does it as a whole.

Mr. HALLEY. And he is one of the people on the board?

Mr. ROBERTSON. That's correct.

The CHAIRMAN. One year collected fifteen to seventeen thousand?

Mr. ROBERTSON. Well, don't take this wrong, Senator. This was strictly campaign contributions.

The CHAIRMAN. I know, that is what I know you collected campaign contributions and turned over to him and——

Mr. ROBERTSON. The checks were all made payable to his campaign committee and it was after the hotel association had agreed that they would support him in preference to any other candidate.

The CHAIRMAN. All this seventeen thousand in one city, in Los Angeles?

Mr. ROBERTSON. Well, let's see; there may have been some from San Diego.

The CHAIRMAN. But most of it from Los Angeles?

Mr. ROBERTSON. Yes.

The CHAIRMAN. How did you collect it, just go around and see the manager?

Mr. ROBERTSON. Well, most of the collections were arranged through Charlie Badd. I think Charlie was either president of the hotel association at that time—let's see, Charlie Badd and Dwight Hart—Charlie Badd is at the Biltmore and Hart at the Roseland.

The CHAIRMAN. What year was this in?

Mr. ROBERTSON. Let's see, Senator, they run every 4 years.

The CHAIRMAN. I mean was this fifteen to seventeen thousand you collected for the campaign in 1 year?

Mr. ROBERTSON. Yes, over a period of possibly 2 or 3 months. I was trying to think what year they run this last time, I believe in 1950——

The CHAIRMAN. 1946?

Mr. ROBERTSON. 1946, 1942, I guess that would be 1938.

The CHAIRMAN. Just did that one year?

Mr. ROBERTSON. That's correct.

Senator WILEY. How did you happen to get into collecting it?

Mr. ROBERTSON. Well, being in charge of the hotel detail, it was one of those peculiar positions where we were called upon to do many things, and as a matter of fact we collected campaign contributions for different officials that ran for public office and turned it over to them.

Senator WILEY. To their campaign committee?

Mr. ROBERTSON. That is correct. Either to the candidate or the campaign committee.

Senator TOBEY. Who gave you orders to do that?

Mr. ROBERTSON. No one in particular. We were sort of a liaison group between the hotel association and the police department, and



I think it originally started as a result of some city ordinance that had to do with an increase in the water rate or something.

Senator TOBEY. Must have had authority from the chief of police.

Mr. ROBERTSON. That is right.

Senator TOBEY. You were made an agent to do this work. What did you say to these people? Here is Bonelli running for this office and he is a good fellow; he is going to have something to say about your license, you better come across?

Mr. ROBERTSON. No, sir.

Senator TOBEY. What did you say?

Mr. ROBERTSON. I will assure you it was very different from that.

Senator TOBEY. What did you say?

Mr. ROBERTSON. In the first place, there were the meetings with Bonelli, and I can't recall who all of the hotel association, and the only request made of Bonelli was Bonelli would keep the liquor industry clean because the amount of investments based on the return was far greater from the liquor license than it was from real property, insofar as an investment in a hotel was concerned.

And it was after a meeting of that kind that they endorsed Bonelli, and in effect all I did was pick up the money, as I mentioned before, and I believe Dwight Hart and Charlie Badd called these various people.

Senator TOBEY. Not suggesting by any stretch of the imagination that the liquor business can be considered a clean business.

Mr. ROBERTSON. A clean business?

Senator TOBEY. If the liquor business is ever a clean business.

Mr. ROBERTSON. No; as a matter of fact I have never tasted liquor in my life.

Senator TOBEY. I'm not talking about that. You wouldn't call the liquor business a clean business; would you?

Mr. ROBERTSON. Well, not necessarily—or unclean.

Senator TOBEY. What did you mean by keeping it clean?

Mr. ROBERTSON. Well, I can't tell you exactly what they did.

Senator TOBEY. What did you have in mind?

Mr. ROBERTSON. I was present in the meeting and it lasted for a couple of hours, and I couldn't tell you exactly just what was said. In effect it meant that the liquor administration of that office in effect would be so up above board that there would be no occasion for any local option issue to be placed on the ballot. As a matter of fact, the local option issue was brought up many times during the conversation.

Senator TOBEY. Well, did you policemen, solicitors, receive any commission on what was collected?

Mr. ROBERTSON. Not one penny.

Senator TOBEY. I see.

Mr. ROBERTSON. There was no cash picked up at all and the checks were all made payable to the campaign committees, or to some manager of the campaign.

Mr. HALLEY. While you were on the police force in 1939 did you not receive an income from the Seal Beach gambling club in the amount of \$6,500?

Mr. ROBERTSON. That is possible.

Mr. HALLEY. Isn't it so?

Mr. ROBERTSON. That I couldn't tell you.



Mr. HALLEY. Why not?

Mr. ROBERTSON. Because I don't remember that far back and I am being very honest with you, and it is possible; it could have been.

Mr. HALLEY. Did you get an income from the gambling club while you were on the police force in any amount?

Mr. ROBERTSON. Yes.

Mr. HALLEY. And did you also get income from the so-called B. & P. Co. while you were on the police force?

Mr. ROBERTSON. Well, sir, that I couldn't tell you by name.

Mr. HALLEY. You got income from various gambling clubs while on the police force; didn't you?

Mr. ROBERTSON. No place except Seal Beach.

Mr. HALLEY. Well, isn't the B. & P. Co. at Seal Beach?

Mr. ROBERTSON. It may have been. As I mentioned, I don't know those letters.

Mr. HALLEY. Did you ever get income from the Intercity Athletic and Social Club?

Mr. ROBERTSON. That is correct.

Mr. HALLEY. Is that also a gambling club?

Mr. ROBERTSON. Yes; gambling and cards.

Mr. HALLEY. How did you happen to get that income from those gambling clubs?

Mr. ROBERTSON. Well, it is because of investments and looking after things, or more or less advising them.

Senator TOBEY. Didn't you consider it highly unethical, you, a policeman, to get money from a gambling club while you were on the pay of the city?

Mr. ROBERTSON. Well, you understand I had no supervision over them. I had—they were not in the jurisdiction of the city of Los Angeles.

Senator TOBEY. But you wore the police uniform, didn't you? Didn't you have a badge on?

Mr. ROBERTSON. Not at that time, I didn't wear a police uniform.

Senator TOBEY. But you were on the police force?

Mr. ROBERTSON. Yes.

Senator TOBEY. They knew you were on the police force.

Senator WILEY. Did you have an interest in the club?

Mr. ROBERTSON. Yes.

Senator WILEY. An economic interest?

Mr. ROBERTSON. Yes.

Senator WILEY. How much did you have invested?

Mr. ROBERTSON. I forget now, it seems to me as though it was \$2,000.

Senator WILEY. How much?

Mr. ROBERTSON. Two thousand, seems to me like that was the amount when they first opened.

Senator WILEY. On what, a commission, partnership arrangement, or corporate interest, or what?

Mr. ROBERTSON. Well—

Mr. HALLEY. Starting in 1941 the club of which you are now a member was organized. Is that the Airport Club?

Mr. ROBERTSON. Well, I knew nothing about that, Mr. Halley.

Mr. HALLEY. When did you first become associated with the Airport Club?

Mr. ROBERTSON. Well, the question is put in such a way I can't answer either way and tell the truth, but will tell you as near as I can. I have never been a member of the Airport Club nor one of the officers.

Mr. HALLEY. That is a nonprofit club, is that right, the club itself?

Mr. ROBERTSON. Well, as I understand it, it isn't a nonprofit club, although at one time it was, probably was. But the necessary exemption wasn't received from the State franchise tax board which, in my understanding, would place it in a category of probably not being a nonprofit club, but I couldn't tell you for sure.

Mr. HALLEY. And did you then become a member of the Airport Operating Club?

Mr. ROBERTSON. That's right.

Mr. HALLEY. And who are your associates in that club; is that a stock club or a partnership?

Mr. ROBERTSON. Well, it is a partnership and I don't know just who were our partners. There was more, there was considerably more people in there whom many of them I don't know their names.

Mr. HALLEY. What percentage did you purchase for your \$55,000?

Mr. ROBERTSON. It amounts to 27 percent.

Mr. HALLEY. Now, who retains the remainder of it?

Mr. ROBERTSON. Well, that is what I was telling you a little bit ago.

Mr. HALLEY. You must know who your partners are in an activity in which you have 27 percent.

Mr. ROBERTSON. If you will let me tell you then you can see how it came up. There were considerably more people in there whom I don't know, and never met them, and some of those bought out others.

Mr. HALLEY. Well, with whom did you deal?

Mr. ROBERTSON. And when we get down to the final analysis there is seven or eight or maybe nine of them and at the time I signed the partnership papers, others hadn't signed.

Mr. HALLEY. With whom did you deal?

Mr. ROBERTSON. Well, so far as I know, the partners are specifically: myself, Jimmy Arnerich, a fellow by the name of Parr—

The CHAIRMAN. P-a-r?

Mr. ROBERTSON. I think there are two r's in it, Senator. White; a Miss or Mrs. White. She is a Mrs., I'm sure. Kunz or Coon, I believe it is Kunz; Krausnick, k, I believe. How many is that?

The CHAIRMAN. That is six of you.

Mr. ROBERTSON. Spellman, S-p-e-l-l-m-a-n.

Mr. HALLEY. Don't you know the full names of these people?

Mr. ROBERTSON. Well, let me see. Will you call the last name?

The CHAIRMAN. Spellman.

Mr. ROBERTSON. Spellman—his name is Glenn. And the next one?

The CHAIRMAN. I didn't get the next one.

Mr. HALLEY. Mr. Stenographer, would you read the next one?

(Record read.)

Mr. ROBERTSON. Parr—I think Parr is Bud. What that stands for I don't know. If that is a nickname, I may have heard it.

The CHAIRMAN. White.

Mr. ROBERTSON. I don't know, maybe it is Lucille or Louise—I believe it is Louise.

The CHAIRMAN. Kunz.

Mr. ROBERTSON. I couldn't tell you his first name.

The CHAIRMAN. There is one here whose name I didn't get. How many do you have? How do you spell Krausnick?

Mr. ROBERTSON. K-r-a-u-s-n-i-c-k or h.

The CHAIRMAN. I believe it is "k." What is his first name?

Mr. ROBERTSON. Well, let's see. They call him Corny, but that stands for Cornelius.

Mr. HALLEY. Can you think of any other names?

Mr. ROBERTSON. I couldn't unless you could refresh my memory, Mr. Halley.

Mr. ROBINSON. Mr. Robertson, have you read any of the publicity that accompanied the release of a report by the California Crime Commission?

Mr. ROBERTSON. No, I didn't read it, Mr. Robinson, in the paper.

Mr. ROBINSON. Are you familiar with the fact that Mr. William Parr was criticized in connection with the slot-protection racket in Kern County?

Mr. ROBERTSON. Gosh, no.

Mr. ROBINSON. You never heard that?

Mr. ROBERTSON. No, sir.

Mr. ROBINSON. Isn't Mr. Krausnick associated with the card rooms in Gardena?

Mr. ROBERTSON. No; that isn't the truth, so far as I know. He is associated in the Desert Inn in Las Vegas, and I would be surprised if he is associated in Gardena. I would say not.

Mr. HALLEY. What is the business of the Airport Club?

The CHAIRMAN. Airport Operating Club.

Mr. ROBERTSON. Well—

The CHAIRMAN. Let us get on.

Mr. HALLEY. What is the business?

Mr. ROBERTSON. It is a card room and a bridgo.

Mr. HALLEY. Bridgo?

Mr. ROBERTSON. That's right.

Mr. HALLEY. Were you very active in obtaining the license for the operation of the Airport Operating Club from Seal Beach?

Mr. ROBERTSON. I don't know what you mean, "active." I will try and outline it. I more or less directed it.

Mr. HALLEY. Are you today active in the management of the club?

Mr. ROBERTSON. Yes.

Mr. HALLEY. Are you the active manager?

Mr. ROBERTSON. Well, I imagine you would in effect call it that.

Mr. HALLEY. For how long a period prior to the licensing of the club in 1950 did you work to obtain the license? Was it the work of several years?

Mr. ROBERTSON. Well, it was quite a while; it wasn't several years. The issue was brought up back and forth, but the obtaining of the license, it wasn't very long. As a matter of fact, come to think of it, the license was issued under section 225, subsection 5, I believe, an ordinance that was enacted back in 1939.

Mr. HALLEY. Now, the club itself is supposed to be a nonprofit club; is that right?

Mr. ROBERTSON. Well, there is a fine legal point in there, Mr. Halley, and I don't know if I can explain it.



The CHAIRMAN. He has been into that.

Mr. ROBERTSON. Sir?

The CHAIRMAN. I say—

Mr. HALLEY. We have been into it. I just wanted to point out that—if the purposes are to cultivate social intercourse among its members and inculcate the principles of charity, justice, brotherly love, and fidelity.

Mr. ROBERTSON. That particular phase of that operation was dropped.

Senator WILEY. That is an understatement. What was it replaced with?

Mr. ROBERTSON. I didn't mean it exactly in those words, but there was a point that came up with the city attorney there with respect to the c. p. a., who was supposed to make application with the franchise-tax board in obtaining an exemption, and due to the fact that he didn't do that the account was carried—and you can verify this by going to the bank—it is carried as the Airport Club, but it is really a fictitious-firm name. However, no fictitious-firm-name papers have been filed. It would be the Airport—James V. Arnerich, doing business as the Airport Club.

Mr. HALLEY. Are you connected with any other gambling enterprise whatsoever?

Mr. ROBERTSON. Definitely not.

Mr. HALLEY. Have you ever been convicted of any crime?

Mr. ROBERTSON. Never.

Mr. HALLEY. Did you send a case of bourbon whisky to the press during the hearing in Los Angeles?

Mr. ROBERTSON. I did.

Senator WILEY. Where?

Mr. HALLEY. At the committee hearings in Los Angeles.

Mr. ROBERTSON. I did here, also, too. I consider those boys my friends. I have known one of these boys here for many, many years.

Mr. HALLEY. Where did you get the whisky; did you buy it yourself?

Mr. ROBERTSON. I bought it right across the street.

Senator TOBEY. I take it that is one of the applications of the gospel of brotherly love.

Mr. ROBERTSON. Well, possibly. Seems to help a little—I don't know.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No questions.

The CHAIRMAN. Senator Wiley?

Senator WILEY. None.

The CHAIRMAN. Let me ask you: You know Mr. Bonelli quite well, don't you?

Mr. ROBERTSON. Well, Senator, Mr. Bonelli and I haven't gotten along for some time.

The CHAIRMAN. You know him very well?

Mr. ROBERTSON. I did know the man very well.

The CHAIRMAN. He ran for office—how often does he run, every 4 years?

Mr. ROBERTSON. He does; yes.



The CHAIRMAN. This business of collecting campaign funds from the hotels, from the liquor dealers, from anybody that may be connected with tax matters or franchise matters, goes on in the whole territory where he runs, doesn't it?

Mr. ROBERTSON. Well, possibly—let me tell you a little story in connection with what I got into and I could see some of the things they questioned me—Charlie Badd called up—

The CHAIRMAN. Charlie Badd, he is the—

Mr. ROBERTSON. Charlie Badd has been the guiding head of the Biltmore Hotel practically since it was constructed until possibly very recent years, and getting old—

The CHAIRMAN. Go ahead with your story, but just hit the high points.

Mr. ROBERTSON. Charlie Badd called up a gentleman by the name of McCarthy, who owns the Beverly Wilshire Hotel, in Charlie Badd's office, and called him and he said the hotel association is endorsing the candidacy of William Bonelli and a gentleman will call on you and I would like for you to contribute \$1,000. So I called at Mr. McCarthy's office, and I was shocked to learn that he had a hearing on a case pending before the board of equalization for suspension of his liquor license, and I don't mean to tell you I am any angel or anything of that sort, but when that situation came up I turned the money down and would not accept it. So possibly, despite all of these bad things that you hear about these collections, some of them are reasonably clean.

The CHAIRMAN. I know, but the same thing goes on every time he runs, every 4 years?

Mr. ROBERTSON. Well, I would assume as much. However, I have no personal knowledge of it.

The CHAIRMAN. His brother-in-law, what is his brother-in-law's name?

Mr. ROBERTSON. That is Bill Cook.

The CHAIRMAN. Bill Cook; he is the front for the whole thing of, sort of guiding genius. You turn the money over to him?

Mr. ROBERTSON. Well, no, I didn't turn any money over to Cook.

The CHAIRMAN. Who did you turn it over to?

Mr. ROBERTSON. Directly to Bonelli.

The CHAIRMAN. Checks made out to Bonelli?

Mr. ROBERTSON. No; made out to the campaign committee—William G. Bonelli, campaign committee.

The CHAIRMAN. Yes. Now, didn't you know he had quite a number of agents collecting money from slot-machine operators?

Mr. ROBERTSON. I would say, Senator, that that was not correct, and I can tell you why. We had a man who had been identified with the operation of slot machines for many years as far back as I can remember—his name is Ganz, and I recall at the time I was assisting in raising money for Bonelli, that Ganz himself personally sent a check to Bonelli, so for that reason I would have to question some of those stories.

The CHAIRMAN. Well, Bonelli has been able to buy a big ranch in Arizona, hasn't he?

Mr. ROBERTSON. Well, knowing Bill as well as I do, I think I can tell you a little bit about that. A great portion of that land, I am told, belongs to the Government, and it is under lease. And if you

gentlemen are as familiar with that property as well as I am—I was raised on a cattle ranch in New Mexico—and I would say that that land had a value before the war of possibly \$2.50 an acre, so his acquiring a great—I have heard a ranch of, I think, a couple hundred thousand acres—my folks own more than that in New Mexico and didn't look upon—

The CHAIRMAN. Two hundred thousand acres at \$2 an acre is \$400,000, isn't it?

Mr. ROBERTSON. Well, that is true. My sister-in-law has one ranch, one outside Santa Rosa; they have been offered \$875,000 for it and only about 32,000 on it. But getting back—

The CHAIRMAN. How much do you think his ranch is worth now?

Mr. ROBERTSON. In Saugus?

The CHAIRMAN. Yes. That is in California?

Mr. ROBERTSON. He has a ranch in Arizona.

The CHAIRMAN. Got two ranches?

Mr. ROBERTSON. Well, he has one in Saugus. Bill and I were good friends and pretty close at the time he acquired that property in Saugus, and that is the old Baker ranch.

The CHAIRMAN. What did he pay for it?

Mr. ROBERTSON. I believe he paid \$15,000 or \$16,000 for that ranch from the Bank of America and made a small payment down on it.

The CHAIRMAN. What did he pay for the one in Arizona?

Mr. ROBERTSON. That I couldn't tell you. I believe Bill's mother and father and possibly a brother either were then or maybe are now the principal owners of that property.

The CHAIRMAN. Well, it is worth up to \$300,000 or \$400,000 at least?

Mr. ROBERTSON. Well, I couldn't tell you, because I don't know. I am not sure the man owns—always heard that the greatest by far, the portion, was under lease.

The CHAIRMAN. Mr. Robertson, didn't you do some collecting for Mr. Hauser's campaign fund too?

Mr. ROBERTSON. I started to collect some money for Fred when he ran for district attorney in Los Angeles for the first time, and there was a misunderstanding about the purpose of it and he returned the money and I got the money back from Hauser, and we had a few cross words about it.

The CHAIRMAN. How much did you collect?

Mr. ROBERTSON. I can't tell you. It was less than \$2,000. Maybe it was \$1,200 or \$1,500.

The CHAIRMAN. What was the misunderstanding about?

Mr. ROBERTSON. I didn't have no misunderstanding with Fred, but a misunderstanding arose as a result of my—I can't remember who I picked up the money from, and I told him definitely it was for a political campaign, and then they put a peculiar turn on it that it was for protection, and I backed out of it.

The CHAIRMAN. In other words, after you got the money they wanted you to protect them?

Mr. ROBERTSON. There was some conversation that it was for protection or that they wanted some protection. I went to Howser and I said, "Look, I don't want nothing to do with this. Give me the

money back." And I took the money back and gave it to the people. That is all.

The CHAIRMAN. He collected the money from gambling, slot machines?

Mr. ROBERTSON. If he did, he didn't do it through me, I assure you.

The CHAIRMAN. You were in on the know of those things?

Mr. ROBERTSON. No.

The CHAIRMAN. Didn't you sue him for \$25,000?

Mr. ROBERTSON. Never.

The CHAIRMAN. You had some litigation with him recently, did you not?

Mr. ROBERTSON. No; never.

The CHAIRMAN. What was that big falling out you had?

Mr. ROBERTSON. Over the matter I just told you.

The CHAIRMAN. Is that what it was all about?

Mr. ROBERTSON. Yes.

Senator WILEY. Over what?

Mr. ROBERTSON. Over the money he gave back to me.

The CHAIRMAN. He did not want to give it back to you, did he?

Mr. ROBERTSON. I guess Fred was put in a peculiar position. He took the position, so I am told, I haven't collected any money for him.

Senator WILEY. What year was that?

Mr. HAROLD ROBINSON. 1946.

Mr. ROBERTSON. It was back before that. It was before he ran for district attorney the first time, but there was definitely nothing wrong with that money. I will tell you that for sure.

The CHAIRMAN. You helped him this last time, didn't you?

Mr. ROBERTSON. Not one red penny.

The CHAIRMAN. How about 1946?

Mr. ROBERTSON. Definitely not.

The CHAIRMAN. You have not been for him since that time?

Mr. ROBERTSON. I have not been for him and I have not been against him. I have been taking care of my own business.

Senator WILEY. You say you do not drink at all?

Mr. ROBERTSON. Never tasted it.

Senator WILEY. Haven't touched a drop of liquor?

Mr. ROBERTSON. Beer, wine, nor whisky.

The CHAIRMAN. That is all.

Mr. HAROLD ROBINSON. Do you have any association with a Kid Mexico?

Mr. ROBERTSON. Never.

Mr. HAROLD ROBINSON. Does he have a similar operation to yours on Signal Hill?

Mr. ROBERTSON. No; the place that he had over there was in operation, I believe, possibly last year, and it was closed up, and, so far as I know, it has not been opened since.

Mr. HAROLD ROBINSON. That is also Orange County?

Mr. ROBERTSON. Oh, no; it is Los Angeles County. As a matter of fact, it is not a part of Long Beach. It is a private community, but it is in Los Angeles County. The game, incidentally, is a different type of game.

Mr. HAROLD ROBINSON. His correct name is Falkner, I take it?

Mr. ROBERTSON. I believe it is. When I lived in Honeymoon Beach in 1923 I remember him somehow and I think that is correct. I



believe it is Todd A. Falkner—well, it is Todd Falkner, known as "Kid Mexico," and he used to fight professionally.

The CHAIRMAN. Do you think you are worth \$150,000 when you were with the police department?

Mr. ROBERTSON. Senator, I couldn't tell you.

The CHAIRMAN. That is about the highest you and your wife have been worth?

Mr. ROBERTSON. That is possibly true. I might miss it ten or fifteen thousand. There is no way of telling.

The CHAIRMAN. Is Seal Beach in Los Angeles County?

Mr. ROBERTSON. No; it is in Orange County.

Senator WILEY. Have you a summation of your stock transactions to show how you made some money out of stock?

Mr. ROBERTSON. My God, I was shocked.

The CHAIRMAN. How do you mean you were shocked?

Mr. ROBERTSON. I didn't know there were so many of them. There was page after page. I think I told you gentlemen before in some years it would possibly amount to two hundred or more thousand dollars in and out of the market in 1 year, and I think there is sufficient verification right here.

Senator WILEY. Is that how you made most of your money?

Mr. ROBERTSON. If I said "Yes," it would be a guess.

Senator WILEY. Well, that and real-estate deals?

Mr. ROBERTSON. Yes; as a matter of fact, you gentlemen opening up this investigation, it is shocking to know the things you have overlooked. For instance, I told you when my wife and I were married we made a common pledge between ourselves that she work for 5 years. At the end of that 5 years we had a little over \$15,000. I worked repairing automobiles. You asked me if I had employment outside of the department and I told you "No." I had forgotten about the automobiles I used to repair and sell, and small amounts of jewelry that I would buy and sell, which was not fixed employment for any other person, but among the property we acquired was some rental property in Torrance. It was later drilled and produced for—I don't recall—2 or 3 years, and finally went through bankruptcy, and I couldn't tell you how much money we got from there, but it seems to me the well came through with about 550 barrels per day on flush production. I can't tell you what year it is, and I don't find any records. But you will find in the bankruptcy court sometime afterward where this man went through bankruptcy. They were operating the property. We got a 25-percent royalty on it, which was an extremely high royalty. So for me to be classed professionally as a gambler, that is not correct. I am not trying to shirk any responsibility that should be placed on my shoulders, but I made lots of money otherwise, I will assure you, and I don't even play cards. I couldn't handle a deck of cards to save my life. I haven't played the game of penny ante poker in possibly 20 years.

The CHAIRMAN. All right, Mr. Robertson, are you leaving those with us, too?

Mr. ROBERTSON. Well——

The CHAIRMAN. We will get them right back to you.

Mr. ROBERTSON. For some reason or other the wife was saving it. I couldn't tell you why. She said, "Get these back."

The CHAIRMAN. Thank you, Mr. Robertson.



Mr. ROBERTSON. Thank you, gentlemen.

The CHAIRMAN. We will see that you get all your records back.

Mr. ROBERTSON. With respect to these returns—do you want me to get those for those 2 years?

The CHAIRMAN. Yes; see what others you can find.

Mr. ROBERTSON. To whom shall I turn them over? Mr. Robinson here?

Mr. HAROLD ROBINSON. Care of the United States marshal's office in Los Angeles.

Mr. ROBERTSON. O. K. Could I interrupt for one second? I have a book here, a cash book. It is kind of important, if I can get it back.

Mr. HAROLD ROBINSON. I will have it back to you as fast as I can.

Mr. ROBERTSON. Could you tell me approximately when?

Mr. HAROLD ROBINSON. Let us put it the middle of next week.

Mr. ROBERTSON. That is O. K. Thanks very much to you.

The CHAIRMAN. You send a statement for your transportation to Mr. Robinson also.

Mr. ROBERTSON. O. K. When I turn over those records to you, will it be all right to take care of it then?

The CHAIRMAN. Very well.

**TESTIMONY OF LOUIS WOLCHER, SAN FRANCISCO, CALIF., ACCOMPANIED BY RALPH TAYLOR AND CONRAD HUBNER, ATTORNEYS, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WOLCHER. I do.

The CHAIRMAN. I see you are accompanied by handsome counsel, Mr. Wolcher; very able counsel, I am sure. What are your names?

Mr. TAYLOR. Ralph Taylor.

Mr. HUBNER. Conrad Hubner.

The CHAIRMAN. Are you partners in law?

Mr. HUBNER. We are associates in the same office. Mr. Taylor is my employee.

The CHAIRMAN. Mr. Taylor, what is your office address?

Mr. TAYLOR. It is in the penthouse in the Mills Building in San Francisco.

The CHAIRMAN. You are both at the same address?

Mr. HUBNER. Both at the same address.

Mr. ROBINSON. Mr. Wolcher, will you state your address for the record?

Mr. WOLCHER. My home address or business address?

Mr. ROBINSON. Your home address and business address.

Mr. WOLCHER. I live at 1342 Jones Street, and my business address is 1350 Howard Street, both in San Francisco.

Mr. ROBINSON. Will you state the name of your business enterprises?

Mr. WOLCHER. All of them?

Mr. ROBINSON. Yes.

Mr. WOLCHER. Advance Automatic Sales Co., California Contract Co., the Exhibit Furniture Co.

Mr. ROBINSON. What is the nature of the business of the Advance Automatic Sales Co.?

Mr. WOLCHER. The sale of coin operated machines.

Mr. ROBINSON. That includes pin balls, juke boxes——

Mr. WOLCHER. Cigarette machines and all kinds of coin-operated equipment.

Mr. ROBINSON. Are you also a member of the Associated Coin Machine Distributors, or some such designation?

Mr. WOLCHER. I was a member of the National Coin Distributors Association.

Mr. ROBINSON. Is that something that you projected?

Mr. WOLCHER. Sir?

Mr. ROBINSON. Is that an association that you projected?

Mr. WOLCHER. What do you mean, "protected"?

Mr. ROBINSON. I said "projected."

Mr. WOLCHER. I was instrumental in getting it together.

Mr. ROBINSON. That has offices in——

Mr. WOLCHER. In Chicago.

Mr. ROBINSON. Do you have another association that has offices in San Francisco, Portland, and Seattle?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. Do you have any particular area assigned to you for your coin machines?

Mr. WOLCHER. For certain manufacturers I act as a distributor for certain territory.

Mr. ROBINSON. What particular territories?

Mr. WOLCHER. Northern California. For those I have an exclusive distribution, and with others you don't get exclusive distribution. You buy and sell them. Other people do the same thing.

Senator TOBEY. Hasn't Nevada got exclusive jurisdiction?

Mr. WOLCHER. On certain types of machines we can sell them in Nevada. Certain others we can't.

Mr. ROBINSON. Do you have any interest in any of the coin-manufacturing companies?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. Are you at present under investigation by the Internal Revenue Department?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. Then, Mr. Wolcher, you are well advised by counsel of your constitutional rights, I know. We also want to be helpful in protecting any constitutional rights we can. We do not want you to testify about anything that honestly might incriminate you in connection with any Bureau of Internal Revenue matter?

Mr. WOLCHER. I do not think there is anything I can't answer, sir.

Mr. ROBINSON. Have you recently been indicted as a result of that investigation?

Mr. WOLCHER. Yes, sir; I have been.

Mr. ROBINSON. Would you tell the committee the nature of that investigation?

Mr. WOLCHER. Perhaps my attorney could answer it better. If you want me to, I will to the best of my ability. Do you prefer to have me?

Mr. ROBINSON. I would like to have the narrative story from you.

Mr. WOLCHER. I will be glad to, sir. I was indicted for failure to

report some approximately \$35,000 of income tax which the Treasury Department claims that I made from the sale of whisky. That is what I was indicted for. Only that, as taxable income, rather.

Mr. ROBINSON. Does that \$35,000 represent the proceeds from the sale of the whisky?

Mr. WOLCHER. The Treasury Department claims that I made a profit of \$35,000 in the year 1943 in excess of that which I paid tax on.

Mr. ROBINSON. You have been previously convicted, Mr. Wolcher?

Mr. WOLCHER. Yes, sir; black-market whisky operations.

Mr. ROBINSON. Did you serve time?

Mr. WOLCHER. Well, I got a year sentence. It was subsequently suspended.

Mr. ROBINSON. Will you outline to the committee the nature of the liquor transactions that gave rise to this \$35,000?

Mr. WOLCHER. Well, in 1943 I was both in the coin-machine business, as I presently am, and I was also interested myself, and the members of my family were interested in some certain taverns here in San Francisco. At that time whisky was very hard to get and seemed to act like it was going to be harder to get, and I made a connection with somebody who told me he had no difficulty getting whisky. He could buy all the whisky that anybody wanted. And he furnished me with whisky if I wanted it. I made that connection and arranged to get certain quantities of whisky from him for periods that ran a period of 6 or 7 months, in which he furnished me with a considerable quantity of whisky.

The CHAIRMAN. Who did?

Mr. WOLCHER. I have not mentioned the name. The party I made this arrangement with was William Gursh.

Mr. ROBINSON. Can you further identify Mr. William Gursh?

Mr. WOLCHER. Yes. He is the editor of a trade paper used in the coin-machine industry and has been in the advertising business—I mean advertising particularly in the coin-machine industry, and I have known him over a period of many years.

Mr. ROBINSON. Would Mr. Gursh ordinarily engage in whisky transactions as the editor of a coin-machine paper?

Mr. WOLCHER. Not ordinarily; no, sir.

Mr. ROBINSON. Was this a special transaction?

Mr. WOLCHER. That I do not know. I know he arranged for me to get whisky and I know that at the time he arranged—he left me with the impression or told me, rather, that he was arranging for other people to get whisky.

Mr. ROBINSON. Did he indicate what his source in turn was?

Mr. WOLCHER. No, sir; he did not.

Mr. ROBINSON. Did the whisky ultimately become consigned to you?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. How did you receive it?

Mr. WOLCHER. It was consigned to such wholesalers as had a license to bring whisky into the State of California.

Mr. ROBINSON. Do you know from any of the manifests that accompanied those shipments its point of origin?

Mr. WOLCHER. No, sir; I never got those manifests. They would go through the wholesaler to whom the merchandise was shipped.

Senator WILEY. Did it have a trade-mark on it?



Mr. WOLCHER. You mean on the whisky?

Senator WILEY. Yes.

Mr. WOLCHER. Yes, sir.

Senator WILEY. What was it called?

Mr. WOLCHER. Well, there were several different types, several different names of whisky. One was Gallagher & Burton whisky, one was Golden Wedding whisky, one was Old Mr. Boston whisky. They were the major ones. There might have been some small quantity of those shipments of other names.

Mr. ROBINSON. Was it bottled?

Mr. WOLCHER. All in bottles, sir.

Mr. ROBINSON. Did it indicate where it came from?

Mr. WOLCHER. No, sir; not to my knowledge it would not.

Mr. ROBINSON. No label indication?

Mr. WOLCHER. Well, just the ordinary labels that would be put on a whisky bottle indicating the manufacturer, but I wouldn't know where it came from.

Mr. ROBINSON. It gave the manufacturer's name?

Mr. WOLCHER. I think all whisky does, "distilled by so and so."

Mr. ROBINSON. That is what I am getting at. Who was the manufacturer?

Mr. WOLCHER. I do not know the names of those manufacturers, sir.

The CHAIRMAN. Old Mr. Boston is an American Distillery product?

Mr. ROBINSON. That is right. Did you remit any funds to Mr. William Gursh in connection with this transaction?

Mr. WOLCHER. Yes; I did.

Mr. ROBINSON. In what amounts?

Mr. WOLCHER. To the best of my memory it was approximately \$100,000.

Mr. ROBINSON. Do you have any of the checks that you remitted to Mr. Gursh?

Mr. WOLCHER. He did not get the money by check, sir.

Mr. ROBINSON. How did you transmit it to him?

Mr. WOLCHER. Some I gave him in person and some was mailed to him.

Mr. ROBINSON. Did he ever give you a statement of account as to the amount owing?

Mr. WOLCHER. No.

Mr. ROBINSON. How did you strike a balance?

Mr. WOLCHER. Well, we did it over the telephone, or when I saw him.

Mr. ROBINSON. It is his contention now that he never received those funds. Is that the way the case arises?

Mr. WOLCHER. No, sir; no, sir. It is his contention now that he admits receiving this money. Some seventy-five or eighty thousand dollars he admits receiving on certain specified dates, but he claims that this money was sent to him to purchase coin-operated machines with. He claims that the rest of it was returned.

Mr. ROBINSON. Do you have any correspondence exchanged with Mr. Gursh in this connection?

Mr. WOLCHER. Just one letter from him that bears on this whisky transaction and in which he admits receiving certain sums of money at separate intervals.

Mr. ROBINSON. May I see the letter?



(A document was handed to Mr. Robinson.)

The CHAIRMAN. Do you have the original letter?

Mr. WOLCHER. That is it.

The CHAIRMAN. Where did Mr. Gursh live?

Mr. WOLCHER. He lived at that time in Orange, N. J.

The CHAIRMAN. Where was the home office of this association?

Mr. WOLCHER. Of the publication?

The CHAIRMAN. No; of the Protective Association or whatever it was?

Mr. WOLCHER. There is no Protective——

The CHAIRMAN. I mean the slot-machine association.

Mr. WOLCHER. Chicago.

The CHAIRMAN. What was he with?

Mr. WOLCHER. He had nothing to do with it.

The CHAIRMAN. Who was he with, Mr. Gursh?

Mr. WOLCHER. He was the owner of a trade paper in the coin-machine industry.

The CHAIRMAN. Where was the trade paper published?

Mr. WOLCHER. Published in New York City at that time.

The CHAIRMAN. What is the name of the trade paper?

Mr. WOLCHER. The Cash Box.

The CHAIRMAN. Is it still published?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. Are you still the publisher?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. Is it a big paper, a daily paper, or what?

Mr. WOLCHER. It is a weekly magazine sort of publication, not a newspaper. It is a small——

Senator TOBEY. Has that trade paper the masthead "Take Everything In and Give Out Nothing."

Mr. WOLCHER. I don't think so.

The CHAIRMAN. Do you know Mr. Gursh personally? Have you seen him?

Mr. WOLCHER. Oh, yes; many times.

Mr. ROBINSON. Have you had any dealings with Mr. Pechart and Mr. Kessel?

Mr. WOLCHER. We have sold them equipment.

Mr. ROBINSON. What type of equipment?

Mr. WOLCHER. Coin machines.

Mr. ROBINSON. Is he one of your larger customers?

Mr. WOLCHER. No.

Mr. ROBINSON. Which one of the individuals did the purchasing, Mr. Pechart or Mr. Kessel?

Mr. WOLCHER. I don't know. They have never come into my office to buy merchandise. Just when one of my salesmen would be on the road, he would call on all the coin-machine operators whenever he made a trip. He would stop in there. To the best of my knowledge, neither one of them actually purchased the equipment or ordered it.

Senator TOBEY. But they paid for it?

Mr. WOLCHER. Yes.

Senator TOBEY. Do they lease or buy those?

Mr. WOLCHER. Buy them outright.

Senator TOBEY. What type of machine?

Mr. WOLCHER. All kinds, pin-ball machines, bowling type of games—

Mr. ROBINSON. You are rather prominently identified in the coin-machine field?

Mr. WOLCHER. Yes, sir.

Mr. ROBERTSON. Were you ever approached in connection with setting up any protection scheme throughout the State of California?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. Did you ever have any conversation with Paul Spears of Santa Rosa in that connection?

Mr. WOLCHER. I know Paul Spears very well, and I was never approached, but at that time there was a lot of talk in the newspapers about such a thing. But I was never approached to be part or parcel of it.

Mr. ROBINSON. That is, you do not recall having told him that you were approached and rejected the proposition?

Mr. WOLCHER. No; I don't recall having told him that.

Mr. ROBINSON. In view of your previous conviction?

Mr. WOLCHER. No; I don't recall having said that. I could have possibly, but I don't recall having said it.

Mr. ROBINSON. Did you have any connection at all with any of the protection arrangements that were set up throughout the State?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. Have you ever operated any slot machine yourself?

Mr. WOLCHER. No, sir—if you say “ever”, I have sometime, but not for many years.

Mr. ROBINSON. Not within recent years?

Mr. WOLCHER. Not for many years.

The CHAIRMAN. Anything else?

Mr. ROBINSON. I am interested in trying to determine what Mr. Gursh, being editor of a trade paper for coin machines, had to do with liquor sales. Could you answer that for me, Mr. Wolcher?

Mr. WOLCHER. What he had to do with it?

Mr. ROBINSON. How he came in the picture of liquor, being editor of a coin-machine trade magazine.

Mr. WOLCHER. I could not answer that.

The CHAIRMAN. What date was this letter?

Mr. WOLCHER. There was no date on it and no letterhead on it, and it came in a blank envelope.

Mr. ROBINSON. Senator, he makes reference to a statement which he made, which statement bears date, I think, March 18, 1949, so it would appear to be about a week after that statement.

The CHAIRMAN. How would you know when the liquor was going to arrive? Did he tell you on the telephone that he was sending it to you?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. Did he tell you how he was able to get it?

Mr. WOLCHER. No, sir.

The CHAIRMAN. How did you know he was going to be able to get you some?

Mr. WOLCHER. I have known the man for many years. He is an outstanding figure in the business, being editor of the trade paper, and I had no fears about the fact that if he didn't get it, the money would be returned.

The CHAIRMAN. Did he call you or did you call him?

Mr. WOLCHER. I think he was out here at Christmas. I think he was out here, and the thing came up conversationally, he telling me that such a thing could be done.

The CHAIRMAN. Didn't you have a convention somewhere where the statement was made that slot-machine operators were going to have a hard time getting along—I mean the places where they were operated would have a hard time getting along with beer alone, and he would get in the business and try to get some liquor for them?

Mr. WOLCHER. There was a coin-machine convention in November, I think it was, of 1943.

The CHAIRMAN. Wasn't it 1944? Anyway, the date does not make much difference.

Mr. WOLCHER. No, sir.

The CHAIRMAN. Where was the convention?

Mr. WOLCHER. The convention was at the Morrison Hotel in Chicago.

The CHAIRMAN. Did you go?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. What took place?

Mr. WOLCHER. Oh, just the display of machines and parts, accessories to machines.

The CHAIRMAN. Did you have somebody there to tell you how to get protection from the law?

Mr. WOLCHER. No, sir; not to my knowledge.

The CHAIRMAN. Was the matter of this whisky discussed at that time?

Mr. WOLCHER. Well, I discussed it with Mr. Gursh at that time, but it had no part or parcel of this convention.

The CHAIRMAN. Did other coin-machine dealers do the same thing that you did?

Mr. WOLCHER. I wouldn't know.

The CHAIRMAN. You talked to some of them, haven't you?

Mr. WOLCHER. Yes; I have spoken to many of them, but I don't know of any that did business with them.

The CHAIRMAN. Did you ask any of them whether they got liquor from him?

Mr. WOLCHER. No.

The CHAIRMAN. Do you know whether they did or not?

Mr. WOLCHER. I don't know any more than what he told me—that he was helping other people to get whisky.

The CHAIRMAN. Did he say who he was helping?

Mr. WOLCHER. No, sir.

The CHAIRMAN. How about Mr. Howser? Was he sort of tied up with the slot-machine operators?

Mr. WOLCHER. Only from what I read in the papers. I have never had any business relationships or never met the man or anybody who purported to be his representative.

The CHAIRMAN. He did not come around to see you?

Mr. WOLCHER. No, sir.

The CHAIRMAN. How about Mr. Bonelli when he runs for office? Do you operate in his territory in southern California?

Mr. WOLCHER. No, sir; I had an office in southern California many years ago but never had occasion to meet Mr. Bonelli or do business with him.

The CHAIRMAN. Nobody got in touch with you about Mr. Bonelli's matters?

Mr. WOLCHER. No, sir.

The CHAIRMAN. You are a good friend of Mr. Samish, aren't you?

Mr. WOLCHER. You would hardly call me a friend. I know Mr. Samish.

The CHAIRMAN. Don't you share offices with him?

Mr. WOLCHER. Oh, no, sir.

The CHAIRMAN. I mean have offices in the same building?

Mr. WOLCHER. No, sir.

The CHAIRMAN. Is he the lobbyist for the slot-machine industry in California?

Mr. WOLCHER. No, sir.

Mr. ROBINSON. Do you know an Otis P. Murphy?

Mr. WOLCHER. I met him once. I know who he is.

Mr. ROBINSON. Do you know the company that he represents?

Mr. WOLCHER. The Darling Manufacturing Co., or he was in some way associated with them sometime ago.

Mr. ROBINSON. If you attempted to reach Mr. Murphy locally here, where would you call?

Mr. WOLCHER. I would call Mr. Murphy at the R. F. Jones Co., if I wanted to get him.

Mr. ROBINSON. Are you aware of the fact that he shared offices with Mr. Samish?

Mr. WOLCHER. I read about it in the newspapers, but not to my knowledge.

The CHAIRMAN. Do you gentlemen have a copy of this letter?

Mr. HUBNER. I think we have a photostat. Do you want the original?

The CHAIRMAN. No; we do not want the original. We want you to keep the original. You may need it. How about your photostat?

Mr. HUBNER. We will send you a photostat.

The CHAIRMAN. Will you send it to Mr. Robinson at the marshal's office?

Mr. HUBNER. All right.

Senator TOBEY. There was a bill introduced in the Senate to prohibit the shipping of coin machines in interstate commerce. Do you know about that?

Mr. WOLCHER. Yes, sir.

Senator TOBEY. Whom did you folks retain to represent you in that?

Mr. WOLCHER. We did not retain anybody. If anybody was retained, he would have been retained by the manufacturers who do most of the interstate shipping.

Senator TOBEY. On the slot machines being sent to these gambling houses in Las Vegas, and so forth, how are they set? If a stranger were to play the slot machines, what are his chances of winning?

Mr. WOLCHER. When a slot machine leaves the factory the payoff will be about 86 percent.

Senator TOBEY. Just interpret that. What do you mean by that?

Mr. WOLCHER. Theoretically if you put a dollar of nickels in this machine, it would pay out 86 cents.

Senator WILEY. It depends on how it is set.

Mr. WOLCHER. I say when it leaves the factory that is how it is set.



Senator TOBEY. Can the man who buys or leases the machine change the setting?

Mr. WOLCHER. Yes.

Senator TOBEY. How much of a job is that? That is not a difficult job, is it?

Mr. WOLCHER. No.

Senator TOBEY. In these places where they gamble are they changed to a greater percentage for the owner or lessee?

Mr. WOLCHER. My experience has been in places where they gamble they will pay out 86 percent or more, but in places where they are sneaking them, places like summer resorts and places of that sort, they are apt to pay out less.

Mr. ROBINSON. Is that because the cost of operating them is higher?

Mr. WOLCHER. No; that would not be the reason. The reason would be mostly because of the fact that they would get a big play over week ends. Everybody would go home Sunday night, and they would get no action until Friday night again. They would have a comparatively short season, and the percentage of operation would cost more, and the earnings would be considerably less. The machine would have a full year's depreciation and only 3 months' operation.

Senator TOBEY. Are you one of the largest sellers of these machines?

Mr. WOLCHER. Yes, sir; we have been.

Senator TOBEY. Have you sold a good many in Louisiana in years past?

Mr. WOLCHER. No; I have never done business in Louisiana.

Senator TOBEY. Where did the Costello crowd, the Huey Long group, buy their machines from?

Mr. WOLCHER. There are many wholesalers of coin machines throughout the United States. They could buy them from anyone.

Senator TOBEY. Is there much difference in the individual machines, like models of bicycles or automobiles?

Mr. WOLCHER. Yes; considerable difference.

Senator TOBEY. What is the cost of a machine approximately?

Mr. WOLCHER. Today a nickel machine would cost around \$225.

Senator TOBEY. How long do they use that thing before undergoing repairs?

Mr. WOLCHER. They are apt to need repairs the very next day.

Senator TOBEY. Your man services them, traveling around?

Mr. WOLCHER. That is right.

Senator TOBEY. No other questions.

The CHAIRMAN. Do you know Frank Costello?

Mr. WOLCHER. No, sir.

The CHAIRMAN. What are your other businesses? You mentioned the Advance Automatic Sales Co., and what is the furniture company?

Mr. WOLCHER. Exhibit Furniture Co.

The CHAIRMAN. What else?

Mr. WOLCHER. California Contract Co.

The CHAIRMAN. Contracting business?

Mr. WOLCHER. No, sir; the California Contract Co. owns two pieces of property.

The CHAIRMAN. You were not asked to bring it here today, but do you have a list or record, say, of sales of coin machines you made in the last 2 years here in California?

Mr. WOLCHER. I do not have such a list. I have the books of such sales.

The CHAIRMAN. Would it be much trouble to prepare one? Will you submit it to the committee?

Mr. WOLCHER. It would take a little time. We have over a thousand accounts on our books and our total volume runs to perhaps \$1,000,000 a year.

The CHAIRMAN. That is the size of the business you do now?

Mr. WOLCHER. Yes, sir. I am recovering all types of machines.

The CHAIRMAN. Do you sell some in other States than in California?

Mr. WOLCHER. Some, yes, sir.

The CHAIRMAN. Do you sell in Reno?

Mr. WOLCHER. Yes, sir.

The CHAIRMAN. What other States do you do business in?

Mr. WOLCHER. We ship used equipment all over the country, sir.

The CHAIRMAN. Back East?

Mr. WOLCHER. Yes.

The CHAIRMAN. Mr. Robinson?

Mr. ROBINSON. I have no further questions.

The CHAIRMAN. We want to get some information about who has been purchasing machines. Would you let us have it?

Mr. WOLCHER. Oh, certainly, sir.

Mr. ROBINSON. I will arrange to pick it up.

Senator WILEY. Is the possession of such a machine in California illegal?

Mr. WOLCHER. When I say we are presently doing a million dollars of business a year, that means without the sale of slot machines. We haven't sold or bought a slot machine since the possession of slot machines became illegal in California.

Senator WILEY. When was that?

Mr. WOLCHER. July 15.

Mr. BROWN. Three days after the adjournment of the legislature, July 15.

Mr. WOLCHER. I think it was July 15 the possession of machines became illegal.

The CHAIRMAN. You are still dealing in music boxes?

Mr. WOLCHER. There are photograph machines and—

Senator TOBEY. You make these machines we see in restaurants into which you drop a nickel for music?

Mr. WOLCHER. We sell them.

Senator TOBEY. Don't you think it would be a great thing, not only to have a machine into which you can drop a nickel to start the music but another place where you can drop a nickel to stop it?

Mr. WOLCHER. Five cents for 3 minutes of silence.

Mr. HALLEY. Have you or has your company made any political contributions?

Mr. WOLCHER. I have made some in the course of years.

Mr. HALLEY. Would you state what they were, say, in the last 3 years?

Mr. WOLCHER. Oh, I don't believe they would amount to \$300 in 3 years.

Mr. HALLEY. Did you support the campaign of Howser for attorney general?

Mr. WOLCHER. No, sir, I did not.

Mr. HALLEY. The slot-machine industry organize in any way to support Mr. Howser's campaign?

Mr. WOLCHER. Not to my knowledge.

Mr. HALLEY. Was any effort made to solicit the various operators of slot machines?

Mr. WOLCHER. They never solicited me, but only from what I read in the papers they did make an effort to get it through other people.

Mr. HALLEY. Thank you. No other questions.

The CHAIRMAN. Any questions, Senator Wiley?

Senator WILEY. No.

The CHAIRMAN. Thank you.

Mr. HUBNER. Senator, in view of the fact that Mr. Wolcher has an indictment pending against him, would it be possible for us to obtain a copy of this testimony?

The CHAIRMAN. It certainly will. Do you know this reporter here?

Mr. HUBNER. I do.

The CHAIRMAN. You will deliver one to Mr. Hubner, but let it be only for the use of Mr. Wolcher and you as his attorneys in connection with the matter under investigation.

Senator TOBEY. Of course, only that part that pertains to Mr. Wolcher's testimony.

The CHAIRMAN. Mr. Wolcher, you and your lawyers have been very fair with us. You have testified forthrightly. We do not want to do anything that will embarrass you in your trial which is coming up. I suppose there is nothing you have told us that is of particular concern in the matter; is there?

Mr. WOLCHER. Well, I don't know what constitutes concern. I have told you everything that I know about what you asked me.

The CHAIRMAN. We do not want to be giving the Internal Revenue Department anything—we have asked you to testify and we do not want you to tell us something that is going to convict you.

Mr. HUBNER. I think, Senator, we submitted the same information, not to the Internal Revenue, but we did to the Department of Justice.

Mr. ROBINSON. Mr. Hubner, is Mr. Ralph Reid an associate of your firm?

Mr. HUBNER. No; I have not seen Mr. Ralph Reid in a year.

Mr. ROBINSON. Have you had any discussion recently with Mr. Reid?

Mr. HUBNER. I have not talked to the man in a year. The only thing I know about him is that somebody called up the other day and asked if he was in the office. I haven't discussed anything with Mr. Reid in over a year.

#### TESTIMONY OF MICHAEL SCHINO, SAN FRANCISCO, CALIF.

The CHAIRMAN. Do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHINO. I do.

Mr. HALLEY. What is your address, Mr. Schino?



Mr. SCHINO. 1000 Vallejo Street, at Taylor, corner of Taylor and Vallejo.

Mr. HALLEY. In San Francisco?

Mr. SCHINO. Yes, sir.

Mr. HALLEY. What is your occupation?

Mr. SCHINO. Chief field deputy, first district of California, collecting district.

Mr. HALLEY. How long have you held that position?

Mr. SCHINO. Since August 2, 1933.

Mr. HALLEY. Prior to that what was your job?

Mr. SCHINO. I was with the Castorlube Refining Co., Indianapolis, Ind.—the D. A. Lubricant Co., Indianapolis, Ind., and then the Castorlube Refining Co.

Mr. HALLEY. What was your capacity there?

Mr. SCHINO. I was salesman for them at that time, both companies.

Mr. HALLEY. From salesman you stepped into the job of chief field deputy?

Mr. SCHINO. Yes, sir; I came in August 2, 1933.

Mr. HALLEY. Who appointed you?

Mr. SCHINO. I was recommended by United States Senator William Gibbs McAdoo and George Creel, and I got my appointment through the recommendation of Senator McAdoo.

Mr. HALLEY. Were you at the time an accountant?

Mr. SCHINO. No, I was not. I was not an accountant then, no.

Senator TOBEY. What is his fitness in this job, having been a salesman for this concern? How would that fit him in his present job?

Mr. SCHINO. We all took accounting after we got in the service and we had to pass an examination to become civil service.

Mr. HALLEY. You mean when you were originally appointed that was not a civil service job?

Mr. SCHINO. That is right.

Mr. HALLEY. And then you were taken into the service at a later time?

Mr. SCHINO. That is right.

Mr. HALLEY. On passing a qualifying examination?

Mr. SCHINO. Yes, sir.

Mr. HALLEY. When did you become civil service?

Mr. SCHINO. 1939, I think it was.

Mr. HALLEY. Prior to 1933 had you ever worked for the United States Government?

Mr. SCHINO. Yes, I did, 1918, I think it was. I was in Yosemite Valley with W. B. Lewis, Superintendent of Yosemite National Park. I worked as a junior engineer, with an engineer by the name of W. N. Peters. We surveyed the road from the floor of the Yosemite Valley back to Tenaya Lake, and also we left from there and surveyed another road in Sequoia National Park, from the national park down to the Tule River through a 9-mile old soldier's trail we had there.

The CHAIRMAN. How old are you?

Mr. SCHINO. I am 54.

Mr. HALLEY. You were not a surveyor, were you?

Mr. SCHINO. I worked in civil engineering, yes, sir, after I got out of college; I was a civil engineer with the California Highway Commission.

Mr. HALLEY. Had you studied civil engineering in college?



Mr. SCHINO. No, not so much there, but I was with the county surveyor, William B. Peterson, of Merced.

Mr. HALLEY. Where were you born?

Mr. SCHINO. Merced, Calif.

Mr. HALLEY. What year?

Mr. SCHINO. 1896.

Mr. HALLEY. You went to college where?

Mr. SCHINO. University of Santa Clara.

Mr. HALLEY. And then you went into the county engineer's office?

Mr. SCHINO. That is the first job I had when I got out of the university. I went to work for the California Highway Commission.

Mr. HALLEY. Would you trace your career from then until 1933?

Mr. SCHINO. I will be glad to. The highway commission—in those days you couldn't work too steady, because the State of California voted these bonds, first it was a \$12,000,000 bond and then an \$18,000,000 bond, and so we would go out and do engineering work or construction work, give grades, running a line, and such as that, and then we would hold up a while until they sold more bonds.

The CHAIRMAN. Let us not go into all that detail.

Mr. SCHINO. Then I worked, if you want to know from there, I worked for the Merced irrigation district, Mr. Galloway.

Mr. HALLEY. Just state the jobs.

Mr. SCHINO. And there we did the preliminary engineering, all the preliminary engineering of the Merced irrigation district.

Mr. HALLEY. Then what?

Mr. SCHINO. Then I worked for the Union Oil Co.

Mr. HALLEY. In what capacity?

Mr. SCHINO. I started out as a clerk in the warehouse and then I became agent. I left then and went to work for the Castorlube Refining Co., and then the D. A. Lubricant Co.

Mr. HALLEY. And then from there you went—

Mr. SCHINO. In as chief field deputy on August 2, 1933, with the office of the collector of internal revenue in the old customhouse building, down here in the customhouse.

Mr. HALLEY. What have been your duties as chief field deputy?

Mr. SCHINO. I will be glad to give them to you. They are quite lengthy. I had some copies made.

The CHAIRMAN. You may submit that as an exhibit to your testimony. It will be exhibit No. 28.

(Exhibit No. 28 follows:)

#### DUTIES OF CHIEF, FIELD DIVISION

1. Under the direction of the assistant collector to whom he is responsible.
2. Duty to plan, organize, coordinate, and supervise the operations of the field organization; exercise close supervision over the work of the field force consisting of field division chief, zone deputy collectors, and office deputies in field offices.
3. Assume responsibility for the coordination of the work, the activities and efficiency of field employees, and the maintenance of proper discipline.
4. Shall issue appropriate instructions to the field force relating to internal revenue laws and regulations.
5. Shall make regular visits throughout the district to ascertain whether taxes are being properly collected and shall see that the officers and employees are performing their duties properly.
6. Shall have supervision over the preparation of the necessary reports at regular intervals, showing all the activities of the field deputy collectors of the district, and shall see that proper technical reports covering investigations as

to income and other internal revenue taxes are made by the officers under his supervision.

7. In some of the most important cases, the chief of field division shall make investigations and render special reports thereon.

8. Maintain a complete record of the condition of the field work and of the amount performed by each employee over whom he has supervision.

9. Position of chief of field division is considered a field and not an office position.

10. Chief of field division will keep in close personal touch with all work of the field force by making regular visits to the various zones, working with and assisting the zone deputies.

11. At least 15 working days of each month is to be spent in the field zone offices.

12. In the absence of the chief from his office, any matters cannot be handled by the clerical personnel assigned to the field division office should be handled by the assistant collector.

Mr. HALLEY. Have you since becoming chief field deputy in 1933 had any outside occupations?

Mr. SCHINO. No.

Mr. HALLEY. None whatsoever?

Mr. SCHINO. No, this is the only type of work I have done.

Mr. HALLEY. Have you had any investments in any companies?

Mr. SCHINO. What do you mean? What type of company?

Mr. HALLEY. Any type whatsoever.

Mr. SCHINO. Well, the only investments I ever made was with Wals-ton, Hoffman & Goodman. I invested small investments on some stock in the Philippine Islands. There were the San Marcia Mining Co. stock and the Mindinao Mining Co. stock. I have 500 shares in each one, and I bought at two times 500 and 300 rights—it isn't stock—it is rights I bought in the Philippine Oil Co. over there.

Mr. HALLEY. What did you pay in all for those?

Mr. SCHINO. It was a very cheap price. Some of it was around 4 or 5 cents, I bought.

Mr. HALLEY. What was your income in 1949?

Mr. SCHINO. In 1949 it was around \$7,200, 72 or something like that.

Mr. HALLEY. How much of that was salary?

Mr. SCHINO. Well, you had to take your retirement fund out and all that stuff out.

Mr. HALLEY. Did you have any income besides your salary?

Mr. SCHINO. No, that is the only income I ever had was just my salary.

Mr. HALLEY. There have been various charges made concerning your conduct in office by the Crime Commission of California.

Mr. SCHINO. Yes, sir.

Mr. HALLEY. Have you read the report of the crime commission?

Mr. SCHINO. No, I never read the report, only what I see in the newspapers, that is all.

Mr. HALLEY. Is there any comment you would like to make?

Mr. SCHINO. Well, when I was interviewed by newspapermen, it appeared to me that I thought they were taking a smear at the office of the collector of internal revenue, that is, Mr. Smythe, myself, or anybody else in there. That is the only comment I made.

Mr. HALLEY. Do you know Pat Mooney?

Mr. SCHINO. Yes, sir; I know Pat Mooney.

Mr. HALLEY. Are you familiar with the Mountain City Consolidated Copper Co.?

Mr. SCHINO. I will be glad to tell you about it.

Mr. HALLEY. Will you, please?

Mr. SCHINO. Yes, sir. Pat Mooney came to my office, the office of the internal collector of revenue, in May 1949. He brought with him at the time a man by the name of Martin Hartman. He introduced me to Martin Hartman and excused himself. He said, "I am sorry—" Mr. Hartman said this—"I have to leave. I know you men want to talk." He excused himself and left. Mr. Mooney sat down and he said, "Mike—" that is what they generally called me—he said, "I have the finest copper mine in the world." He said, "It is right next to the Anaconda. Their stuff all ran out, their raw material. We have a fine engineering report, and it is real good stock. I want you to buy in, the collector to buy some, and anybody else here in the building."

Senator TOBEY. Who is talking now?

Mr. SCHINO. Mr. Mooney was telling me this.

Mr. HALLEY. Mooney or Hartman?

Mr. SCHINO. Mr. Mooney. Hartman had left. So I told Mr. Mooney, I said, "Pat—" that is what I generally called him, by his first name—I said, "If this mine is so important," I said, "Why don't you go to a fellow like Henry Kaiser, who is an industrialist, and he will probably take the whole thing out." He said, "No, we don't want anything like that. We haven't got very much stock to sell. We would rather have people in the service here, people we know, buy it."

I said, "I can't buy any stock. I haven't any money to put in stock like that."

He said, "Do you think the collector would be interested?"

I said, "Go down and see him. I don't know whether he would or not."

Mr. HALLEY. Who?

Mr. SCHINO. The collector, James Smythe. He left my office, because I was busy at that time with quite a few taxpayers waiting there to see me. I imagine he went to the collector's office or somebody else's office there. He knew quite a few people in the building. That is the last time I saw him until he retired. I remember because I know it was after September, because I was back to the convention of the National Employees of the Collector of Internal Revenue and we stopped in New York—the early part of September—and he came back, and I think he came back in October, and told me he was retiring, that is the last time I saw him.

Mr. HALLEY. You were in New York in what year?

Mr. SCHINO. 1949. You see, I saw him in May, and we went to New York in the early part of September 1949, where I saw him, and then I didn't see him until October or November in 1949.

Mr. HALLEY. Where did you stay in New York?

Mr. SCHINO. I stayed at the Hotel New Yorker. The three of us were there. There was Mr. Anator, Mr. Shapola, and myself. It was their first trip to New York. They wanted to see the city of New York, and we stayed there until Sunday and then we went up to Boston and stayed there 2 days, and then we went to York Harbor and stayed there for the balance of the convention week.

Mr. HALLEY. Had you been to New York previously?

Mr. SCHINO. Yes, I had. I had been to New York a year or two before.



Mr. HALLEY. Also to attend the convention?

Mr. SCHINO. No, I was there on account of my right eye. I wanted a doctor to see it, and I visited some relatives in New York at the same time—Judge Louis Valente, who is a cousin of mine, Judge Frank Valente, the sessions court there, is a cousin of mine.

Mr. HALLEY. Are you familiar with the Gertrude Jenkins case?

Mr. SCHINO. No, sir; I am not. I had nothing whatsoever to do with the case. Never consulted anybody in the case whatsoever.

Mr. HALLEY. Do you know Joe Higgins, the former collector in New York?

Mr. SCHINO. I met Joe Higgins for the first time at a Democratic club luncheon in New York. I was introduced to him by one of my division chiefs. He was with us on the trip. In fact, he sat with the acting collector, Maurice Ryan, at the large table at this club, and we were going to Brooklyn, all three of us, Mr. Anator, Mr. Shapola, and myself—we were going to Brooklyn. As I was leaving I was introduced to Joe Higgins. That is the first and only time I ever met him.

Mr. HALLEY. Did you ever telephone to Mr. Higgins?

Mr. SCHINO. No, sir; I never had occasion to telephone him.

Mr. HALLEY. Did you ever speak to him about the Gertrude Jenkins case?

Mr. SCHINO. No, I never spoke to anybody about it.

Mr. HALLEY. Did you ever talk to Martin Hartman about the Gertrude Jenkins case?

Mr. SCHINO. No, sir, I never did talk to Martin Hartman about the case.

Mr. HALLEY. Do you know Clifford England?

Mr. SCHINO. I do. He used to be our collector.

Mr. HALLEY. Did you ever talk to him about the Gertrude Jenkins case?

Mr. SCHINO. No, I never talked to him about the Gertrude Jenkins case; no.

Mr. HALLEY. You are sure you had no discussion at any time with Joe Higgins?

Mr. SCHINO. No, I never talked to Joe Higgins since I met him.

Mr. HALLEY. Did you write to him, or communicate with him in any way?

Mr. SCHINO. No, I never did in any way.

Mr. HALLEY. If Higgins has stated that you called him about the Jenkins case, was he mistaken?

Mr. SCHINO. He must have been mistaken, because I never called Higgins at all. I only met the man once. I never talked to him since that time.

Mr. HALLEY. Never wrote to him?

Mr. SCHINO. No, sir.

Mr. HALLEY. You didn't communicate with him in any way?

Mr. SCHINO. No; no way, directly or indirectly, in any way.

Mr. HALLEY. Would it be your opinion that it would be a proper or an improper thing for an agent of the Bureau of Internal Revenue to discuss with a prospective defense lawyer the handling of a case under investigation?

Mr. SCHINO. It is improper.



Mr. HALLEY. You would have no doubt about that?

Mr. SCHINO. Oh, yes. It is absolutely improper. We don't discuss anybody's cases unless they have a power of attorney from the taxpayer himself. That is the only time we discuss cases.

Mr. HALLEY. Did you ever have a discussion with Martin Hartman about the Jenkins case?

Mr. SCHINO. No, sir; I did not.

Mr. HALLEY. Did you ever discuss any other case with Hartman?

Mr. SCHINO. No, sir; no other case whatsoever.

Mr. HALLEY. Did you ever discuss the Mountain City Consolidated Copper Co. with Hartman?

Mr. SCHINO. No, sir; I never did.

Mr. HALLEY. At no time?

Mr. SCHINO. No.

Mr. HALLEY. Do you feel that the entire question that is raised in the crime commission report is just all erroneous?

Mr. SCHINO. I think it is absolutely erroneous so far as I am concerned, in the whole thing, what they claim, what the papers stated there.

Mr. HALLEY. Were you a good friend of Mooney?

Mr. SCHINO. Well, I knew Mooney since 1935 or 1934. They came over as a class the Reno Division. That is a different collector's district over there. You see, these instructors from Washington came out to give us a school on taxes. In the school in 1934—and in order to hold one school, they invited the Reno office to attend this school. That is the first time I ever met Mr. Mooney.

Mr. HALLEY. What were your relations with Mr. Burkett?

Mr. SCHINO. I never had any relations. I only met the man casually once. I never had any relations.

Mr. HALLEY. Did you ever discuss any matters with him?

Mr. SCHINO. Never.

Mr. HALLEY. Never discussed any official matters with him?

Mr. SCHINO. No, nothing at all.

Mr. HALLEY. Did you ever hear of a safety step company?

Mr. SCHINO. Yes, sir.

Mr. HALLEY. Tell the committee what you know about the Safety Step Co.?

Mr. SCHINO. I will be glad to. The Safety Step Co.—there was a man by the name of F. A. Tomasini, whom I knew who was telling me about this man Lombardi, who invented the safety step. It is a step that works on, say, for instance, a truck here. It folds underneath the truck. You put your finger on the lever and the two steps drop down. You can put it on the rear of the truck or on the side of the truck. The invention was with the idea of preventing truck drivers or their helpers from getting hurt or hernias, and stuff like that. He said this was going to be a wonderful invention. Everybody would naturally have to put it on their trucks. He showed me the cut he had and he told me this fellow Lombardi had sold the invention to a doctor in Los Angeles. I can't recall his name now. He is a retired doctor. And his son-in-law, Mr. Madine. He is in the novelty business in Los Angeles. He had Tomasini handle the deal for him. So Tomasini was telling me about it. He said, "You ought to have some of this

stock. It is going to be a wonderful thing." He said, "You at least ought to buy a hundred dollars worth, have a little investment in it."

I said, "I will be glad to invest a hundred dollars."

Mr. HALLEY. It sounded better to you than the Mountain City Consolidated Copper Co.?

Mr. SCHINO. What I hear from the papers and the stories afterwards, I agree with it. I said, "When you are ready, I will be glad to take a hundred dollars worth."

He came to San Francisco and he was doing business with Henry Robinson, an attorney here, and Henry Robinson told me to send him a check for \$100, and I made my check out to Henry Robinson before the papers were drawn, or before I even knew who was in the company outside of Tomasini. I knew he was going to be in there. And then Frank E. McCreedy was made manager of it. He had me in as a limited partner. He had a fellow named Russ Dinwiddie as a limited partner and Frank Williamson as a limited partner, and he put his wife Dorothy McCreedy in as a limited partner. The company went along as a sales company. It didn't manufacture. It had a hard time. During the war they couldn't get steel material, so they had the Pacific Tank Co. make this step. But after they got into making the safety step they found out at the time they paid a royalty on the finished product and had salesmen out, plus the transportation and expense of sending it out, express and such as that, there was very little profit in it, so they tried to get Madine and the doctor who owned the dies and the patent on it to reduce the price. They would not reduce the price, so they simply stopped operating.

Mr. HALLEY. What was the total capitalization of this Safety Step Co.?

Mr. SCHINO. I can't recall now, but it wasn't every much. Mr. Henry Robinson would have all those figures for you.

Mr. HALLEY. Was it over \$10,000?

Mr. SCHINO. I think it was, I think Mr. McCreedy put in around \$20,000 or \$22,000.

Mr. HALLEY. What percentage of the profits were you to have?

Mr. SCHINO. Well, it would only be my hundred dollars, whatever it is worth, the percentage of the profit.

Mr. HALLEY. What would be the point of a hundred-dollar investment in a plant of that size?

Mr. SCHINO. Here is the only point I could see in that: If it did a big volume of business, like he said it would end up doing, that I might be able to make a good investment.

Mr. HALLEY. Did you ever get a copy of the articles of partnership?

Mr. SCHINO. No; he never gave me a copy.

Mr. HALLEY. Did you get any document to show for your participation?

Mr. SCHINO. Yes; they had monthly reports showing sales and such as that.

Mr. HALLEY. Did you get any document to show your participation?

Mr. SCHINO. No.

The CHAIRMAN. No stock certificate?

Mr. SCHINO. You see, I couldn't participate in it as a salesman or anything like that, because I had told Mr. Robinson if I invest in this I can't participate in the sales. I can't hold two jobs at one time.

Mr. HALLEY. Was it an oversight when I asked you what other investments or business you were in that you did not tell us about the Safety Step Co. at the start of your testimony?

Mr. SCHINO. Say that again.

Mr. HALLEY. You may recall at the start of your testimony——

Mr. SCHINO. You asked me about stock.

Mr. HALLEY. I think I also asked you what businesses you were interested in.

Mr. SCHINO. I misunderstood. I told the Intelligence Unit and I told the newspapers. There was no hiding of that because I even told the intelligence men.

Mr. HALLEY. What was the position of McCreedy in that picture?

Mr. SCHINO. He was general manager.

Mr. HALLEY. Was Mrs. McCreedy in it, too?

Mr. SCHINO. No, she had no active part in it at all.

Mr. HALLEY. She was a partner of yours?

Mr. SCHINO. She was a limited partner, but she was put in there mostly as a dummy. I don't know why he put her in there.

Mr. HALLEY. You were also a limited partner?

Mr. SCHINO. Yes; I was a limited partner.

Mr. HALLEY. Did Mrs. McCreedy have a case in the Bureau of Internal Revenue, in your office?

Mr. SCHINO. Not in our office. She was in a different district. She lived in Honolulu.

Mr. HALLEY. In the Honolulu district?

Mr. SCHINO. Yes, sir.

Mr. HALLEY. Was her case settled?

Mr. SCHINO. That I wouldn't know anything about; her case.

Mr. HALLEY. Did she not have a case?

Mr. SCHINO. Where?

Mr. HALLEY. In the Bureau of Internal Revenue.

Mr. SCHINO. I heard she had one, yes, but not in our district. We are in the first district. They are in the Honolulu district.

Mr. HALLEY. Did Mr. Reid or Mr. Lowrey have anything to do with her settlement?

Mr. SCHINO. I don't know. I couldn't tell you. You will have to ask them that.

Mr. HALLEY. We were told it had to do with a prostitution business she had, is that correct?

Mr. SCHINO. I never knew of Mrs. McCreedy until she married him over here. She lived in Honolulu all the time. The time I met her was after she married him down in Mexico and she lived in California. But as far as prostitution, I have heard rumors to that effect. I never knew the woman at all. I didn't know what her character was as a prostitute or running a house of prostitution, only hearsay.

Mr. HALLEY. What was the position of Mr. Reid?

Mr. SCHINO. Ralph Reid was the special agent in charge of the Intelligence Unit.

Mr. HALLEY. And Mr. Lowrey?

Mr. SCHINO. Mr. Lowrey was his assistant.

Mr. HALLEY. Didn't they have to do with Mrs. McCreedy's case?

Mr. SCHINO. They must have. I will tell you why. Their district comprises all of California, Arizona, and Nevada, and the Hawaiian Islands.



Mr. HALLEY. Didn't they make a settlement with her?

Mr. SCHINO. That I don't know. I don't know nothing about her case at all.

Mr. HALLEY. You never got any money out of this Safety Step Co.?

Mr. SCHINO. No, not a cent.

Mr. HALLEY. Do you know anybody by the name of Cannon?

Mr. SCHINO. Joseph Cannon; yes, I do.

Mr. HALLEY. Where does he live?

Mr. SCHINO. He was originally, when I first met him, I was with the highway commission down in—well, he was in Visalia and then we went over to Hanford. We surveyed the Visalia highway district, and then I was transferred over to Mr. Metcalf's party. The party in Visalia was Mr. McIntyre's party. He was a boy at this time. This was around 1916. He drove the line wagon, the wagon with all the equipment, three seats, two horses, and I think his father had a livery stable there at that time. That is when I first met Mr. Cannon. Then I had not seen him in years until two of my deputies, who were checking cabaret taxes and admission taxes made an audit on him and set up quite a bit of tax, for not keeping proper records, and so forth. This was down in Fresno. He had a place, I think, called the Old Plantation Club over on Kearney Boulevard in Fresno. He came up to our office in Fresno and he protested pretty heavily because of what the boys set up as the tax, and our men down there in charge, James Robinson, made an agreement for him to pay off his tax, which he did do. He paid it off in installment payments. And then I didn't see Joe Cannon for quite a while after that. The next time I heard he was operating a night club in Fresno. The only time I would run into him was occasionally going to Fresno on trips. Then the last time—one time I saw him he was furious about a couple of men who were trying to take his business away from him. He gave me the information—

Mr. HALLEY. In what business was he?

Mr. SCHINO. It seems he had a woman running this night club of his in Fresno and then he went over to Nevada, over to Las Vegas. He had a small club over there, he and these other two fellows, and they were taking him pretty hard, the way he told me the story.

Mr. HALLEY. He was a gambler; is that right?

Mr. SCHINO. Well, he ran a gambling resort.

Mr. HALLEY. He is a gambler, isn't he?

Mr. SCHINO. No; he is a night-club owner.

Mr. HALLEY. A night-club owner?

Mr. SCHINO. Yes; night-club owner when I first knew him.

Mr. HALLEY. Is he a gambler in California?

Mr. SCHINO. Well, I understand in California, down in Fresno, he did do a little gambling and they closed him up.

Mr. HALLEY. Where did he live in Los Angeles?

Mr. SCHINO. I don't know. He lived in Fresno there.

Mr. HALLEY. Where did he live in Fresno?

Mr. SCHINO. The Hotel Fresno.

Mr. HALLEY. Did you ever stay with him?

Mr. SCHINO. Oh, no; I never stayed with him.

Mr. HALLEY. Did you ever spend a night with him at his home?

Mr. SCHINO. No.



Mr. HALLEY. Did you ever spend a night in his hotel?

Mr. SCHINO. No; I never did.

The CHAIRMAN. How did that report get started around that you did?

Mr. SCHINO. I don't know. As I say, the only connection I had with Cannon was he gave me some information on these fellows he was associated with. I wrote it up and had it registered and sent it to Ralph Reid for investigation.

Mr. HALLEY. Did you ever stay at the Hotel Knickerbocker?

Mr. SCHINO. Yes; that is where I stay in Los Angeles.

Mr. HALLEY. Did you ever see Mr. Cannon there?

Mr. SCHINO. No; I never did see Joe Cannon as long as I stayed at the Knickerbocker, going and coming.

Mr. HALLEY. Did you ever institute a fraud case against any well-known racketeer?

Mr. SCHINO. My men did, in the field division, several of them.

Mr. HALLEY. Against whom?

Mr. SCHINO. Well, you are looking at the guy right here who helped to find the San Francisco police graft. One of the old retired—I think his title then was sergeant—it was a Form 11 on a stock transaction on which one of my men, Mr. Walsh, picked him up and he came and confessed to us that he didn't file returns, and he gave us the whole story, and we turned it over to Intelligence. That is when we were at the customhouse.

Mr. HALLEY. Against what prominent racketeer or criminals did you start a case?

Mr. SCHINO. Oh, we got tax out of gamblers, we got tax out of night-club men, we got tax out of these—oh, what do you call them—

Mr. HALLEY. Let me put it this way: The crime commission charges that no major racketeer has ever been in jail on an income-tax case.

Mr. SCHINO. That is a damned lie. Pardon my expression.

Mr. HALLEY. Would you comment on it more specifically?

Mr. SCHINO. I will tell you the truth. If you will look at the record, I think the Intelligence Unit will show you that this district out here made the biggest showing throughout the United States in transactions.

Mr. HALLEY. Against what specific individuals did you institute cases?

Mr. SCHINO. Our deputy collectors work on the cases with the special agents.

Mr. HALLEY. Can you name any individuals?

Mr. SCHINO. Well, there is—oh, let's see. Trying to think of some of these names now. There are so many of them. If I had my file here—

The CHAIRMAN. Well, let us get some of them. There are so many of them, you can remember some of them.

Mr. SCHINO. I am just trying to concentrate. Let's see.

Senator TOBEY. Arthur Samish for one?

Mr. SCHINO. No; we never had Arthur, not during my time. We had so doggoned many of them. A lot of them stayed up in the Intelligence Unit, and they were a long time being tried by the Federal courts here. Oh, there are so darned many of them.

The CHAIRMAN. Just give us a few of them.

Mr. SCHINO. I will have to go over and get my list. I will be glad to name them. You probably have seen a lot of them in the paper.

The CHAIRMAN. Are you in the intelligence part?

Mr. SCHINO. No, no; I was in the collector's office, but our boys who assist sometimes in cases with the Intelligence—in fact, a number of times—I know that they have told me about these, and I saw in the paper, too, what the transactions were. Well, I can tell you—what is her name—this Brown woman. We picked her up for a lot of tax. Brown.

Mr. HALLEY. Inez Burns?

Mr. SCHINO. Burns. Pardon me. Oh, gosh.

Mr. HALLEY. Did she go to jail for income-tax evasion?

Mr. SCHINO. That I don't know. No, I think she paid her taxes. She went to jail the last time, I understand. I will have to go to the office and get a list of them. I just can't think of all the names. I don't want to make a statement unless I know the names exactly.

Mr. HALLEY. You can't offhand think of anyone who did go to jail?

Mr. SCHINO. Yes; there are several of them who went to jail, but I just can't think of the names.

Mr. HALLEY. Did "Bones" Remmer go to jail?

Mr. SCHINO. No, no; I didn't have any business with Bones Remmer. That was handled by the revenue agent's office in Reno collection district.

Mr. HALLEY. He never came under your jurisdiction?

Mr. SCHINO. No; he never came under my jurisdiction. That is the trouble. When I read this report in the paper—in fact, I told some of the newsmen, this whole thing appearing about the stories, they think this collector's office has something to do with all the collectors' offices. That is not right, because Los Angeles is the sixth district, Reno has their own district, we have ours, the first district. Honolulu has their district, Arizona has theirs, Oregon has theirs, and so has Washington, and so forth.

Mr. HALLEY. You are quite sure that you never, directly or indirectly, through some other person, by sending a message or any other way, got in touch with Joseph Higgins on any matter whatsoever?

Mr. SCHINO. No, not at all. I never had anything to do with Joe Higgins whatsoever, sending a message, phoning him, writing him, or telling anybody to interview him.

Mr. HALLEY. I have particular reference to the Gertrude Jenkins case.

Mr. SCHINO. Any case, her case, or any case.

Mr. HALLEY. Did you ever tell Hartman you could have settled the Jenkins case for seven or eight thousand dollars?

Mr. SCHINO. I never told Hartman a thing about no case. In fact, he could get no information from me about that office. He would have to have a power of attorney.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Senator Wiley?

Senator WILEY. No.

The CHAIRMAN. One or two questions I want to ask, Mr. Schino.

Mr. SCHINO. Yes, sir.

The CHAIRMAN. How well did you know Hartman, or do you know him?

Mr. SCHINO. I met him here with Pat Mooney.

The CHAIRMAN. How many times did you see him?

Mr. SCHINO. The first time he came to my office with a man by the name of Harry Payne or Fain, one of his associates, or partners. They, at that time, had said they had a lot of Government land over in Wyoming, prospective oil.

The CHAIRMAN. That was after you had met him with Mooney?

Mr. SCHINO. Yes, he called me up one day. It was about 3 or 4 months after.

The CHAIRMAN. Was Mooney with him then?

Mr. SCHINO. No, no; he called me on the phone and he told me he had met me at the office. He said, "Do you remember the time I met you at Pat Mooney's?"

I said, "Yes, I remember." He said, "I have good prospective land I would like to show you."

He and Mr. Harry Payne or Fain came down and they had maps in my office, at the office of collector of internal revenue, and they showed me all these different sections over in Wyoming and said the major oil companies were here, there, and so forth. I looked at both of them.

I said, "Well, gentlemen, what is the gravity of this oil?" I said, "There is fine oil in Wyoming of 14 or 15 gravity. It is only worth a dollar a barrel." A thing like this, putting money in a thing like this or investing your money in a thing like this, it is stupidity. You have to have a deal handled by a major oil company. First you have to have a geologist. You have to have seismographs.

The CHAIRMAN. Anyway you did not buy it?

Mr. SCHINO. No; I didn't buy anything from him, nothing.

The CHAIRMAN. When did you see him again?

Mr. SCHINO. Several months afterward he came in on a proposition, he and Payne both, about some geologist by the name of Peterson, I understood him to say.

The CHAIRMAN. The point is, how come you are writing a letter recommending this fellow?

Mr. SCHINO. The reason I wrote the letter of recommendation—

The CHAIRMAN. When did you write this letter?

Mr. SCHINO. Wait a minute. Let me explain that to you. He came into my office and said, "I have to have some legal business taken care of over in Contra Costa County." He said, "Do you know any attorney there?" I said, "I know lots of attorneys over there. There is Dick Johnston as well as De Lap, Carlson, Cliff Anglin."

He said, "Cliff Anglin is all right. I'll take him."

He said, "Will you phone him?"

So I did. I phoned him, and I told him Hartman was coming over, wanted to see him about some legal matters. The next thing I knew my secretary wrote a letter for him. He composed the letter. I didn't even sign the doggoned thing, I don't think. I don't recall signing it. On my stationery. Sent the original letter over to Anglin, the other two copies kept here. They sent him two copies. That is the way she explained it to me.

The CHAIRMAN. Is Anglin a respectable man?

Mr. SCHINO. Oh, yes; he was a former collector of internal revenue here in San Francisco.



The CHAIRMAN. That letter was used by him all around in his work trying to sell stock?

Mr. SCHINO. No, I don't think so. I don't think he went over to see Anglin. I don't think he ever went over to see him.

The CHAIRMAN. You know Mr. Mooney was selling stock to fellows in tax difficulties?

Mr. SCHINO. No, I did not. I never knew anything about his selling his stock. The only thing he told me, the boys in the office, some of the boys in Nevada bought the stock and he wanted us in this office, the collector, myself, and others, to buy some stock. I told him I wasn't interested in buying stock. I told him to see Henry Kaiser or somebody like that. Might take the whole thing over. That is all I said to him. I never saw him again until he retired. That was October or November 1949.

The CHAIRMAN. Mr. Schino, are you married?

Mr. SCHINO. No, sir; I am a single man.

The CHAIRMAN. There have been a lot of complaints about the company you keep.

Mr. SCHINO. That is what I hear.

The CHAIRMAN. What do you say about that?

Mr. SCHINO. Well, I get a lot of information from certain people that sometimes will give you information you wouldn't get otherwise, but I don't keep company with them at all. I meet them, treat them nice, courteous, being a gentleman at all times, but I don't run around and associate with them. They are more or less of an acquaintance that I have met, that is all.

The CHAIRMAN. How about Georgetti? Did you handle his case?

Mr. SCHINO. No. I never had anything to do with the Georgetti case.

The CHAIRMAN. Did you ever have anything to do with him?

Mr. SCHINO. No, sir.

The CHAIRMAN. Did you ever have anything to do with Inez Burns?

Mr. SCHINO. Our men in the office had it. I had nothing to do with the case. They and the intelligence unit handled that case. That was a special investigation unit of the office of the Collector of Internal Revenue.

The CHAIRMAN. Did you handle the Charles Leahy case?

Mr. SCHINO. Did I have one?

The CHAIRMAN. Yes, did you handle any case of that name?

Mr. SCHINO. No; I never handled any of those intelligence cases. We have a unit there which has about 50 men in it, and they handle all these cases themselves. I imagine we get at least two or three hundred informants every month, and the only thing I do with these informants when they come into my office I have them register with the chief of the income-tax division and then they are later assigned to the special investigation unit for preliminary investigation.

The CHAIRMAN. What stock have you bought in any corporations outside of this stepladder outfit and also the Philippine outfit?

Mr. SCHINO. Nothing at all, no other stock, none whatever.

The CHAIRMAN. What do you own today? What are your assets?

Mr. SCHINO. The only assets I got is just the ones I explained to you.



The CHAIRMAN. Do you own any real estate?

Mr. SCHINO. No. The only thing I would have in real estate would be an interest in my mother's—

The CHAIRMAN. Do you have a home?

Mr. SCHINO. With my two sisters and myself. We have an interest in the property there at Merced, Calif.

The CHAIRMAN. Do you own a home?

Mr. SCHINO. No; I do not own a home.

The CHAIRMAN. You just get your salary and live off your salary; is that about the size of it?

Mr. SCHINO. That is right; I live in a private home in San Francisco.

The CHAIRMAN. Have you ever been arrested?

Mr. SCHINO. No, sir.

The CHAIRMAN. Were you ever charged with any offense?

Mr. SCHINO. No, sir.

The CHAIRMAN. With whom do you live?

Mr. SCHINO. I live with John H. Rossiter. Twenty years ago I started living there.

The CHAIRMAN. With whom do you live now?

Mr. SCHINO. I was going to explain the whole thing, because there have been some deaths in the family. That is 20 years ago I started living there in a private home, and then he passed away and his widow—she married George Creel, the author. So I kept living in the house. And then when Mrs. Creel passed away her sister, Miss May, owns the property, and I am still there. I have been there all these years.

The CHAIRMAN. Will you step outside now, Mr. Schino.

# TESTIMONY OF JAMES SMYTHE, COLLECTOR OF INTERNAL REVENUE FOR THE FIRST DISTRICT OF CALIFORNIA

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMYTHE. I do.

Mr. HALLEY. What is your official profession?

Mr. SMYTHE. Collector of internal revenue for the first district of California.

Mr. HALLEY. How long have you been collector?

Mr. SMYTHE. Since April 1945.

Senator TOBEY. Mr. Smythe, I understand there are three intelligence unit jackets on you covering certain subjects. Are you familiar with them?

Mr. SMYTHE. I am familiar with anything they may have discussed.

Senator TOBEY. You are familiar with the fact that there are three jackets concerning various phases of your life?

Mr. SMYTHE. Yes.

Senator TOBEY. The first is that neither you nor your wife ever filed income-tax returns for 1944 or 1945 until you put in delinquent returns in May 1947, is that correct?

Mr. SMYTHE. I do not think so.

Senator TOBEY. You do not think so?

Mr. SMYTHE. No.

Senator TOBEY. What are the facts about 1944 and 1945?

Mr. SMYTHE. In 1944 and 1945 I know I filed an income-tax return.

Senator TOBEY. Were they delinquent returns?

Mr. SMYTHE. I am not sure. They might have had extensions on them.

Senator TOBEY. And those showed respectively that you had owed \$195.66 and your wife \$87.24 for 1944, is that correct?

Mr. SMYTHE. Whatever they show.

Senator TOBEY. Account 290400 showed you owed \$864.41 for 1945 and your wife in account 290401 owed \$741.44, is that correct?

Mr. SMYTHE. If that is what the returns filed show, they are correct.

Senator TOBEY. These amounts are above the amounts that accrued through the withholding taxes. Now, the file contains a notation, "Send no bill," and it is initialed "Paul V. Doyle," who was your chief office deputy?

Mr. SMYTHE. No.

Senator TOBEY. Are you surprised at that?

Mr. SMYTHE. No, I suppose he presented a bill to me instead of sending it home.

Senator TOBEY. It just says "Send no bill." Why would that be so? In the case of John Jones or Mary Smith they would send a bill, would they not?

Mr. SMYTHE. I would assume so.

Senator TOBEY. Did they put it on your desk?

Mr. SMYTHE. I don't remember. I know I paid it, whatever it was, and if there was an extension on it, I paid whatever interest may have accrued.

Senator TOBEY. You were sworn in as a district collector on May 14, 1945, weren't you?

Mr. SMYTHE. Yes.

Senator TOBEY. Which makes the failure of yourself and wife to file 1944 and 1945 returns rather astonishing, isn't that so?

Mr. SMYTHE. If we had not yet filed them.

Senator TOBEY. These statements for delinquent taxes showed no interest and no penalties, we are told, is that correct?

Mr. SMYTHE. I wouldn't know. I would assume no penalties, but I would assume interest.

Senator TOBEY. Going on, the second jacket concerns your participation in a war-bond drive in which you are said to have resigned because of drinking. Why did you resign?

Mr. SMYTHE. I resigned because I discussed the matter with Merrill Cooley, the vice chairman of the committee. We were not working harmoniously with the committee. The major part of the work was over and I voluntarily resigned, myself, sending a letter to the chairman.

Senator TOBEY. What was your position in the war-bond drive?

Mr. SMYTHE. I was administrator at one time, whatever they call my title, executive director, or something, I forget.

Senator TOBEY. The third jacket concerns your employment as athletic moderator for the University of San Francisco.

Mr. SMYTHE. Right.

Senator TOBEY. It is said that you made a trip to Los Angeles carrying \$10,000 to set up a guaranty with some college for a football game, is that correct?

Mr. SMYTHE. No.

Senator TOBEY. What are the facts connected with that?

Mr. SMYTHE. I made many trips to Los Angeles for the University of San Francisco, to attend football coaches' meetings and various other types of meetings.

Senator TOBEY. Didn't you go down with \$10,000 to set up a guaranty for a game?

Mr. SMYTHE. No. I might have sent a check for a guaranty for a game, but I wouldn't handle that. The treasurer of the university would handle it.

Senator TOBEY. Was that \$10,000 \$6,000 short?

Mr. SMYTHE. No.

Senator TOBEY. Are you certain about that?

Mr. SMYTHE. Certainly I am certain, and so is anyone at the university, if I may volunteer that.

Senator TOBEY. You were dismissed from the university?

Mr. SMYTHE. No; I resigned from the university.

Senator TOBEY. Were you told to resign?

Mr. SMYTHE. No.

Senator TOBEY. Requested to resign?

Mr. SMYTHE. No.

Senator TOBEY. These jackets 2 and 3 were sent to the Internal Revenue headquarters in Washington when you were up for appointment with an adverse recommendation. Did you know that?

Mr. SMYTHE. No.

Senator TOBEY. It was ignored by Washington and you were appointed despite the recommendations?

Mr. SMYTHE. No; I did not know that.

Senator TOBEY. In 1944 Paul V. Doyle, chief deputy collector, and John Malone—do you know John Malone?

Mr. SMYTHE. Yes.

Senator TOBEY. Brother of William Malone, engineered the following: They collected \$10,000 for what was known as the International Revenue Employees Welfare Fund. Did you know about that?

Mr. SMYTHE. Yes.

Senator TOBEY. Putting the bite largely on touchy tax people and involving the sale of war bonds?

Mr. SMYTHE. No.

Senator TOBEY. You never heard of that?

Mr. SMYTHE. I heard of it, but I was not collecting. I knew about a fund being collected through raffles of some sort.

Senator TOBEY. Both of these men were administrators for that fund?

Mr. SMYTHE. I do not know. There was a group of employees who were apparently administering the fund.

Senator TOBEY. There was no audit on the \$10,000, was there?

Mr. SMYTHE. Not to my knowledge.

Senator TOBEY. The fund was depleted during 1948 with no single incident known for the use of the money except for the welfare of Doyle and Malone; is that correct?

Mr. SMYTHE. I do not think so.

Senator TOBEY. Do you know of any distribution of the welfare fund?

Mr. SMYTHE. I know they sent flowers, wedding gifts, engagement gifts, and things like that. I do not know what they did with the money. I had no concern over it.

Senator TOBEY. Did \$1,300 of that fund go to Sheridan Downey's campaign in 1936?

Mr. SMYTHE. I would say definitely not. Sheridan Downey had no campaign in 1936.

Senator TOBEY. In his last campaign?

Mr. SMYTHE. That was in 1944.

Senator TOBEY. 1944. Did it go into that fund?

Mr. SMYTHE. I am sure it did not, because I knew what moneys were collected. I was managing Sheridan Downey's campaign in 1944.

Senator TOBEY. You were still in your present position at that time?

Mr. SMYTHE. No, I was not.

Senator TOBEY. When did you accept this position? In 1945?

Mr. SMYTHE. 1945.

Senator TOBEY. Do you know John Malone?

Mr. SMYTHE. Yes, I do.

Senator TOBEY. Do you know Doyle? Do you know both very well?

Mr. SMYTHE. Yes, I do.

Senator TOBEY. Do you know Arthur Samish?

Mr. SMYTHE. Slightly.

Senator TOBEY. Met him?

Mr. SMYTHE. I met him when I was in the legislature. I have a bowing acquaintance with him, period.

Senator TOBEY. Those are all the questions I have, Mr. Chairman.

The CHAIRMAN. Is Mr. Smythe mentioned in this report anywhere? Are you familiar with the charges of the California Crime Commission?

Mr. SMYTHE. Yes, I am.

The CHAIRMAN. The report made at the request of the internal revenue office out here; what are the matters there where you are referred to?

Mr. SMYTHE. There is only one matter that I know of where I am referred to, and it is not by name. It is something about a Federal official, to the effect that horses were raced or something, in his wife's name.

The CHAIRMAN. What was that about? Does that refer to you?

Mr. SMYTHE. I could find it. That refers to my wife.

The CHAIRMAN. Well, let's see. See if you can find it and let's see what it says [handing document to Mr. Smythe].

Mr. SMYTHE. Right here [indicating].

The CHAIRMAN. I think we ought to make this a part of the record here at the beginning of this matter, the section of the record here dealing with the Internal Revenue Department, which is part 3. If there is no objection, that will be done. Exhibit No. 29.

(Exhibit No. 29 is on file with the committee.)

Now, let's see. What is that? You handed me something here, but I—

Mr. SMYTHE. Let's see if I can find it again for you.



The CHAIRMAN. Did I lose the page?

Mr. SMYTHE. Yes. Right there, "Officials charged \* \* \*."  
[Indicating.]

The CHAIRMAN. Reading on page 40 of this report:

Officials charged with the duty of collecting taxes on internal revenue engaged on the side in such activities as banking, mining and selling real estate, which often conflict with their official duties. In at least one instance a stable of race horses is operated in the name of the wife of an official whose duty it is to collect the admission tax from the particular tracks where the horses race.

That is the part you refer to?

Mr. SMYTHE. Yes.

The CHAIRMAN. Is the official referred to here you.

Mr. SMYTHE. Yes; I assume so.

The CHAIRMAN. Not by name. Well, what are the facts of the matter?

Mr. SMYTHE. The facts are that my wife's father has been in the horse-racing business for about 40 years.

The CHAIRMAN. What is your wife's father's name?

Mr. SMYTHE. And he has owned, both owned, and sold, and raced horses. His name is C. L. Gerling.

The CHAIRMAN. Spell it

Mr. SMYTHE. G-e-r-l-i-n-g.

The CHAIRMAN. Where does he live?

Mr. SMYTHE. His home is in West Virginia. I forget the name of the town.

The CHAIRMAN. All right, proceed.

Mr. SMYTHE. Well, they are his horses; he came out here to race once or twice and registered the horses under my wife's name, which is permissible under all State racing laws and doesn't go to the ownership of the horses in any way.

The CHAIRMAN. Why would he do that?

Mr. SMYTHE. Because if he won a cup, he wanted to put her name on it, or let her crown the horse, or let her have her picture taken with it—purely for sentimental reasons, none other.

The CHAIRMAN. So neither she nor you had any interest in the horses?

Mr. SMYTHE. Neither she nor I have any interest in the horses in any way.

The CHAIRMAN. I am sorry I was out when Senator Tobey was asking you about these income-tax returns. What years was it that that incident occurred about you not filing? I forget what years.

Mr. SMYTHE. I don't remember that I ever had any returns that were anything like 2 years delinquent. I don't remember the years specifically. My returns—I probably put on an extension or something like that, and possibly paid them late and paid whatever interest had accrued. I would have to look back through my files. I frankly don't remember. I do know that we very carefully had an accountant make out our returns and that we paid them, whatever they were. They were pretty simple. Most of it was withholding, and practically at all times—

The CHAIRMAN. I am going to ask you, Mr. Smythe, in order that the record can be clear as we can make it about this matter, this question. There was this request I wish to make. Will you look back

through your records and find out what years you were delinquent and what the facts of the matter were, how much delinquent you were and what the circumstances were?

Mr. SMYTHE. Yes, I would be glad to do that.

The CHAIRMAN. And then send me those, as chairman of the committee; send me a letter about it.

Mr. SMYTHE. I would be glad to.

The CHAIRMAN. Will you?

Mr. SMYTHE. Yes.

The CHAIRMAN. Can you do that within the next few days? Now let's get one or two things straight. You became collector of internal revenue in 1945; is that correct?

Mr. SMYTHE. Right, yes.

The CHAIRMAN. What is your duty as collector?

Mr. SMYTHE. Well, I have a variety of duties. My principal duty is to collect, receive and process the various income and other taxes that are collectible, on the basis of the returns.

The CHAIRMAN. What is the relationship now between—How many employees do you have in this particular district?

Mr. SMYTHE. Approximately twelve or thirteen hundred if we are at full strength.

The CHAIRMAN. Well, now, how do the cases reach the prosecution? I mean, do you have anything to do with working up the facts of the cases for prosecution?

Mr. SMYTHE. Sometimes.

The CHAIRMAN. Well, who is in charge of that work?

Mr. SMYTHE. The Intelligence Unit, which is an autonomous unit, which our men work with. As far as so-called fraud cases, as we refer to them, are concerned, if any case of a failure to report on the part of a taxpayer, fraudulently, or if a fraudulent mistake is made, or errors, let's say, on a tax return, the duty of our deputy is to immediately report it to his division head who immediately reports it to the Intelligence Unit of the Internal Revenue. We take control of the case from there on in, and our man or our men may work with them in getting up the facts that have come to their attention.

The CHAIRMAN. Now, Mr. Davies is now head of the Intelligence Service, I presume?

Mr. SMYTHE. Yes; he is.

The CHAIRMAN. Well, now, suppose he finds that it is a case that ought to be prosecuted; what happens to it then?

Mr. SMYTHE. His men work up the evidence in the case and it is referred then to a division of the office of the chief counsel of the Bureau of Internal Revenue, called the Penal Division. They work with the special agent.

The CHAIRMAN. Where is this Penal Division?

Mr. SMYTHE. The headquarters for California is in San Francisco.

The CHAIRMAN. Who is head of that?

Mr. SMYTHE. Walter Campbell, attorney in charge.

The CHAIRMAN. All right. Now, suppose he says it is O. K. to prosecute and recommends it?

Mr. SMYTHE. It goes to the office of the Chief Counsel in Washington.

The CHAIRMAN. Is that Charlie Olliphant?

Mr. SMYTHE. Right.

The CHAIRMAN. I suppose he approves the prosecution?

Mr. SMYTHE. It goes to a Deputy Attorney General in the Department of Justice.

The CHAIRMAN. Does it go to the Criminal Division?

Mr. HALLEY. Tax Division.

Mr. SMYTHE. Criminal or Tax; I don't know.

The CHAIRMAN. Who is head of the Tax Division?

Mr. SMYTHE. I don't know.

The CHAIRMAN. It goes to the Tax Division in Washington?

Mr. SMYTHE. Of Justice.

Mr. ROBINSON. Lamarr Caudell.

The CHAIRMAN. Yes. And then suppose Mr. Caudell says the case should be prosecuted; then what happens?

Mr. SMYTHE. It is referred to the district attorney.

The CHAIRMAN. In the district in which the case came?

Mr. SMYTHE. Right.

The CHAIRMAN. That is Mr. Hennessy here?

Mr. SMYTHE. Right.

The CHAIRMAN. Some matter has been brought up by Senator Tobey and I have also heard rumors about it. I think it has been in the newspapers also. I don't know if it is discussed in this report or not. That is the matter of this so-called fund that got raised. Now just what was that, briefly? We don't want to go into too much detail, but what was your connection with it?

Mr. SMYTHE. Well, I have had no connection with it. The fund was collected some time during the war, I am told, through a raffle or some similar thing. I don't know what they raffled. I think it was war bonds. It was for the purpose of assisting people, or the families of people who had died. I think that was how it started. Then it was started to avoid the practice of passing the hat, I understand.

The CHAIRMAN. Mr. Smythe, I am sorry. We will excuse you for a few moments. We had told the press that they could come in. You might remain here, or you could come back just as soon as we get through with them.

(Press conference.)

The CHAIRMAN. Well, I believe we just finished with the procedure of a criminal case, after it got to Lamarr Caudell in the Department of Justice at Washington. Then it would be sent to Hennessy here. This is not a matter for you, of course, but I suppose it is the policy to give the taxpayer every break—but it seems to me like that is an awful long circuit.

Mr. SMYTHE. I believe it is required not only by regulations, but by the law, Senator.

Mr. HALLEY. That is the law.

The CHAIRMAN. It is the law? Now, you were going to tell us something else. You say you had no connection with this fund which was raised?

Mr. SMYTHE. No, I did not. It was raised some time prior to the time that I became collector, and, frankly, I called in our chief office deputy and inquired about it some time after I became collector, and told him that when the present funds were depleted that it was my



orders that there be no further raffles or solicitations of funds for a welfare fund in any way. And there hasn't been any since.

The CHAIRMAN. Now, the welfare fund was for what purposes?

Mr. SMYTHE. Oh, it was for the purposes, as I understand it, to buy presents for people who were going to get married or send flowers to funerals, pay for funerals, of people who were indigent or who couldn't afford it, and things like that.

The CHAIRMAN. How much was the fund?

Mr. SMYTHE. I have no knowledge of how much it was.

The CHAIRMAN. How much did you find out the fund was?

Mr. SMYTHE. I think it was somewhere in the neighborhood of three or four thousand dollars which was only hearsay. I never directly inquired what it was. I forbade them to undertake any more fund raising of that kind.

The CHAIRMAN. Was money raised from people who had tax cases here?

Mr. SMYTHE. Not to my knowledge.

The CHAIRMAN. Well, what is your information about it?

Mr. SMYTHE. I heard that when the fund was originally raised that books of raffle tickets were passed out freely to employees all over the district—meaning all over northern California, and that they sold those tickets wherever they could among their friends, and they probably did sell them—they had to sell them to taxpayers.

The CHAIRMAN. Well, I am talking about taxpayers who had cases pending against them.

Mr. SMYTHE. I have never heard of any tickets being sold to a taxpayer with a case pending against him. Nor have I ever heard of anyone saying that such was done.

The CHAIRMAN. Now, we have had a lot of complaints about this fellow Schino. Is he one of your men?

Mr. SMYTHE. Yes; he is our chief field deputy.

The CHAIRMAN. Your chief field deputy?

Mr. SMYTHE. Yes.

The CHAIRMAN. What do you think about him?

Mr. SMYTHE. I think he is an honest man. I don't think that he has ever done anything crooked as far as an internal revenue case is concerned.

The CHAIRMAN. Well, has he been reprimanded or demoted or anything?

Mr. SMYTHE. No, no; he entered the service, I believe, in about 1933 and has been with us some 17-odd-years. He was chief office deputy when I became collector and he has remained so since. I have never had occasion to reprimand him about anything. His work is largely administrative—collecting deputies' reports, their time, and cases and production, and personnel in and out of the division offices, mostly outside of San Francisco because the load falls largely on the division chief in charge of San Francisco where most of the deputies are and where most of the cases are.

The CHAIRMAN. Is this fellow Malloy under your command?

Mr. SMYTHE. Yes.

The CHAIRMAN. What about this shake-down he has been——

Mr. SMYTHE. That is substantially as represented in the report of the crime commission.



The CHAIRMAN. What are you going to do about it?

Mr. SMYTHE. It happened 2 or 3 years ago. I have the file on it in my pocket. At the time a thorough investigation was made by an agent of the intelligence unit, and the then chief of the intelligence unit, Ralph Rigg, came to see me and reported his findings and asked me what I thought about it. I told him that I thought it was a reprehensible, stupid thing to do. I said that the facts should be fully reported as they would have been, anyway, to the Commissioner. We recommended, in view of the fact that this man had had some 14 years of service and a good enough record in the bureau, that the Commissioner show leniency. So the Commissioner ordered us to retain him on our staff and he placed him on probation for a year.

We made either monthly or quarterly reports—every other month, I think we sent a complete report on his activities and his cases and everything to the Commissioner; until the period of probation was ended.

Senator TOBEY. Here he was playing with this madam here, a footy-footy deal; an intelligence man of the Internal Revenue Department. And all you did was to slap his wrist?

Mr. SMYTHE. That is about right.

Senator TOBEY. Well, I think that is a disgrace to your department. Who was the Commissioner? You mean in Washington?

Mr. SMYTHE. Yes.

Senator TOBEY. He didn't know anything about the case?

Mr. SMYTHE. He had as full a report of the case as I did.

Senator TOBEY. Of course. But here you knew most about what a crooked thing he had done, and you merely slap his wrist!

Mr. SMYTHE. He didn't do anything dishonest; just stupid.

Senator TOBEY. Oh, no; he didn't do anything dishonest; he merely held her up for money and more money and more money. A badger game of some kind. My God! What has come over you here that you are not able to get sore about this thing and kick him out and knock him down the stairs, too? Why doesn't somebody get mad about these things? You are responsible for this thing yourself—more than the man is. No one could blame him for playing fast like that when all they get is a reprimand, an unkind word from you at the top. Don't you have some sense of character in these things, you public servants?

Mr. SMYTHE. We have 3,500 of these men.

Senator TOBEY. Well, all right. Kick them all out if they are no good. We are beginning to think they are not much good. It is a pretty rotten mess.

Mr. SMYTHE. We think they are pretty good.

Senator TOBEY. God knows how many more there are that haven't come to light. You are just feeding the stuff to them, raising a crop of them, with that kind of treatment—slapping their wrist!

Excuse me, Senator.

The CHAIRMAN. That is all right.

Mr. SMYTHE. I admit the punishment was lenient.

Senator TOBEY. It isn't any punishment at all. After getting off like that, he could get out in the street and sing a te deum to God. He could have a royal Thanksgiving on this thing. Lenient! My God!

The CHAIRMAN. What were the facts developed in that case?

Mr. SMYTHE. They are as outlined there. The facts were that he had borrowed money from this former madam, and that several small amounts, running up to a couple of hundred dollars, were borrowed. He wrote a letter on Treasury stationery and asked her for further advances to paint his house or something.

Senator TOBEY. And he enclosed a franked envelope to send the money to him in; he was a gentleman, anyhow.

The CHAIRMAN. Did she have a tax matter up?

Mr. SMYTHE. No.

The CHAIRMAN. I mean, was she—

Mr. SMYTHE. I think that she had had a tax matter up. I couldn't tell you that for sure, but I think she had had a tax matter up, and an assessment had been made against her some time before that—not by our office, but by the revenue agent's office. In other words, Malloy had nothing to do with collecting any Government money from her, nor had he anything to say about her tax matters. It was in the hands of another unit entirely.

The CHAIRMAN. Now, does this fellow over here in Nevada come under your jurisdiction?

Mr. SMYTHE. No; he doesn't.

The CHAIRMAN. Well, what control or what not do you have over these intelligence fellows?

Mr. SMYTHE. We don't have any control over them. They are completely autonomous; they have an autonomous unit here which reports directly to the Commissioner of Internal Revenue.

The CHAIRMAN. Did you make an investigation—

Mr. SMYTHE. They make our personnel investigations and investigate any cases where fraud might be indicated in the taxpayer.

The CHAIRMAN. Did you cause an investigation to be made of this stepladder deal in which Schino was mixed up or mentioned here?

Mr. ROBINSON. "Safety Step," Mr. Chairman.

The CHAIRMAN. Safety Step Sales Co.?

Mr. ROBINSON. Safety Step.

Mr. SMYTHE. An investigation was made. I did not cause it to be made.

The CHAIRMAN. Who made the investigation?

Mr. SMYTHE. The special intelligence unit.

The CHAIRMAN. Do you know what it found or what not?

Mr. SMYTHE. I think it found that sometime prior to the time that the McCready woman had any financial interest in this, that an attorney with whom Schino was acquainted told him about this invention and he put a hundred dollars into it and then they formed a company, and I think for his hundred dollars' interest he was made a special partner or something at some later date. He informed me that the company went broke, and that is about all I know about it. But I do know that the intelligence unit made a careful investigation of it. That would show in their report which I have not seen.

The CHAIRMAN. Did Mr. Mooney come in and try to sell you some stock in this copper company?

Mr. SMYTHE. No. He did come into my office some time after he had resigned or retired—whatever he did—and just said hello. I asked him what he was doing and he said, oh, he was promoting mining stocks, and he left a brochure on my desk about it, which I don't believe I ever read.

The CHAIRMAN. How old is Mr. Mooney?

Mr. SMYTHE. I am informed that he is over 80 years old.

Mr. ROBINSON. When did he retire?

Mr. SMYTHE. I don't know.

Mr. ROBINSON. On or around September 1 of this year?

Mr. SMYTHE. I don't know. September 1 of this year? It seems to me——

The CHAIRMAN. I understand it was 2 years ago.

Mr. SMYTHE. Seems to me it was longer than that. But I don't know. That would show, I suppose, in the intelligence report on his personnel report. I met him then; that was, I think, the only time I ever saw the gentleman.

The CHAIRMAN. Any other questions, Mr. Halley?

Mr. HALLEY. I have just one. You are now familiar, are you not, with the story of the Mountain City Consolidated Copper Co.?

Mr. SMYTHE. Yes.

Mr. HALLEY. Have you, since becoming familiar with it, caused an investigation to be made to see what taxpayers in your district were stuccoed in the set-up as stockholders in the Mountain Valley Co.?

Mr. SMYTHE. Yes; but we haven't found out.

Mr. HALLEY. Will you explain that?

Mr. SMYTHE. I simply talked with the head of the Intelligence Unit and was informed that they were getting a complete report of all the stockholders and what not, which I have not seen.

Mr. HALLEY. Well, isn't it at least 6 months since the story came out?

Mr. SMYTHE. I don't think so. I think it is about 3 or 4 months.

Mr. HALLEY. I think it is seven, to be precise.

Mr. SMYTHE. Well, I don't know.

Mr. SMYTHE. And how long do you think it should take for you to get a list of the stockholders?

Mr. SMYTHE. I don't know.

Mr. HALLEY. Have you followed up on it?

Mr. SMYTHE. No; it wouldn't be our province to follow up on it. It is the province of the Special Intelligence Unit.

Mr. HALLEY. Well, aren't you, as collector, interested in knowing who the stockholders were?

Mr. SMYTHE. Yes.

Mr. HALLEY. And seeing if any are in your district?

Mr. SMYTHE. Yes.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. All right.

Mr. SMYTHE. Well, we will get that eventually, I suppose.

Senator TOBEY. Do you know a man named Fritz, who owned the——

Mr. SMYTHE. Yes.

Senator TOBEY. Do you know his first name?

Mr. SMYTHE. Eugene.

Senator TOBEY. And you lived in his apartments? You never lived there?

Mr. SMYTHE. No; I lived in the Park Lane Apartments which he also owned.



Senator TOBEY. I see. Well, was he prosecuted for tax evasion?

Mr. SMYTHE. Yes, he was.

Senator TOBEY. And what is the amount?

Mr. SMYTHE. Oh, millions. He went to jail.

Senator TOBEY. How light a sentence was he given?

Mr. SMYTHE. I forget. A year, I think; a year or more.

Senator TOBEY. And is it millions he evaded taxation on?

Mr. SMYTHE. I think it was. I think he paid us—that is, his estate—he since died—a final settlement of over \$800,000 in taxes, just about a month ago.

Senator TOBEY. And he only served a year?

Mr. SMYTHE. That is what the judge sentenced him to, as I remember it. It might have been more. I think it was a year—a year or a little more.

Senator TOBEY. How much did he actually serve, with time off for good behavior?

Mr. SMYTHE. I couldn't tell you.

Senator TOBEY. You did know?

Mr. SMYTHE. I don't remember. Yes, he died shortly thereafter. Incidentally, I would like to put in the record that I moved into his Park Lane Apartments, into a one-room, bedroom apartment before I was collector of internal revenue, and paid \$125 a month rent.

Senator TOBEY. Sounds like Washington.

Mr. SMYTHE. For the one-room apartment. So I want to keep that straight, too. While I was acquainted with Mr. Fritz—his family lived a block from mine while I was a child; I have known him all my life, and——

Senator TOBEY. What is or was his defense for evading that tax?

Mr. SMYTHE. I don't think he had any defense to speak of. It was a complicated corporation mix-up, where he had interlocking corporations. It was a very technical case that was worked out by the revenue agents on the technical staff. In my opinion, the man was sick; he was a miser. That is the way he operated.

The CHAIRMAN. What do you think about the general situation out here in the Internal Revenue Department, both the collector's office and Intelligence office?

Mr. SMYTHE. Well, frankly, Senator, I think that they have a pretty fine, reputable outfit. All of the men in the Internal Revenue service except me are career civil service employees. They are all off civil service lists, taken in competitive examinations. They are all bonded.

Mr. HALLEY. That is not quite right. I think some of them were appointed before the civil service, and then came in on a qualifying basis.

Mr. SMYTHE. Some of them came in under the so-called Ramspeck Act in 1938, was it?

Mr. HALLEY. Schino, for example, did not take a competitive examination, but merely qualified—qualifying examination?

Mr. SMYTHE. Yes, at some time in 1938.

Mr. HALLEY. He never took a competitive examination?

Mr. SMYTHE. I don't think he did. I don't know.

Senator TOBEY. Do you know Arthur Samish?

Mr. SMYTHE. Casually.



The CHAIRMAN. How long did you serve in the legislature?

Mr. SMYTHE. I was chief clerk for one session—the 1930 session. That is, I guess, when I met Arthur Samish. I have known him to say hello to ever since. I have never had any business or social dealings with him of any kind.

The CHAIRMAN. You were not a member of that legislature?

Mr. SMYTHE. I was an officer of the legislature—chief clerk.

Mr. HALLEY. Did Samish have to approve your becoming chief clerk?

Mr. SMYTHE. No.

Mr. HALLEY. I ask that because he is reputed to run the legislature.

Mr. SMYTHE. We did that in spite of Samish.

Mr. HALLEY. Would you explain that?

Mr. SMYTHE. Because it was the first time in 22 years they had a Democratic majority in the lower house. For instance, the former chief clerk had been chief clerk for 22 years, more or less. So we simply put in a complete slate of Democratic officers—the speaker and the chief clerk and the sergeant at arms. Mr. Samish had nothing to do with it.

The CHAIRMAN. Mr. Smythe, you stay here and I think we will call in the others.

Mr. SMYTHE. Senator, could I interject one thing?

The CHAIRMAN. Anything else you want to say. Surely.

Mr. SMYTHE. The Senator made a reference to some financial transaction while I was a graduate manager of the University of San Francisco. The transaction was one I never heard of in my life—it was about taking \$10,000 down as a guaranty on some football game, and then having \$6,000 of it disappear. It is in the record that I said I made many trips. This was probably back in 1931 or '32 that I made these trips for the university. There was never any question of any funds being missing from the university, and anybody who was a responsible officer of the university at the time would say so.

At a period shortly after that, somewhere around 1937, they offered me—the present president of the university—a life job as comptroller of the university which I did not accept. I was later appointed by the president a regent of the university, which I am now. I am also president of their alumni association, and by association—

The CHAIRMAN. You mean State-wide or here in San Francisco?

Mr. SMYTHE. San Francisco. I am president of their alumni, who are scattered all over the State.

The CHAIRMAN. Who is the present president?

Mr. SMYTHE. The Reverend Father William Dunn. I was asked about this matter about 1940 by a special agent of the Internal Revenue, when I was working for the secretary on the war bond thing. And at the time I said I didn't know anything about it. So they had letters from the former president, the present president, in which he referred also to the fact that they wanted me to take a job permanently handling their funds and said there was never any question of anything like this, or even any insinuation. Until this day I didn't know what it was, except that there was something wrong with the finances of the university when I was there. Anybody and everybody who is a responsible officer of that university will testify that there never was any question of that while I was teaching there or while I was graduate manager there.

The CHAIRMAN. What did you teach?

Mr. SMYTHIE. And since the university has accorded me several honors and have since offered me a very responsible job handling all of their financial affairs.

I taught English literature and Latin.

Senator TOBEY. Mr. Chairman, I have here an affidavit filed in the United States Supreme Court as Miscellaneous Document No. 58. This is rather interesting and it goes on to the effect that this man Earl W. Taylor deposes that a conspiracy exists to cause him to be illegally imprisoned in the United States penitentiary at MacNeill Island, Washington—a conspiracy conceived and executed by the following persons: Terrance Carey; John Dondo Bergen; Mike Schino, deputy collector of the Internal Revenue Department; Albert Wahl, and Judge M. J. Roche. It goes on to give the details and it tells about a telephone call to Schino about some money being paid and so forth. I think it should be made a part of the record and Mr. Schino should be questioned on it.

The CHAIRMAN. All right, we will make it a part of the record as exhibit No. 30.

(Exhibit No. 30 is on file with the committee.)

And where did Mr. Taylor live?

Senator TOBEY. Earl W. Taylor—

Mr. ROBINSON. Presently in Springfield, jail, formerly in MacNeill's Island.

Mr. SMYTHIE. That was a case which started with the deputy collector and was passed on to the Intelligence Unit and initiated in our office.

The CHAIRMAN. Do you know anything about it yourself?

Mr. SMYTHIE. Yes; I know quite a bit about it.

The CHAIRMAN. Can you tell us just very briefly what you know about it?

Mr. SMYTHIE. Earl Taylor was, roughly, advertising and holding himself forth as an income-tax specialist, advertising on billboards and over the radio. I believe that he also was convicted of something before. You could verify that. I don't know for what. And in the course of a routine examination of his tax return and in the course of information that came to us from other taxpayers that he was telling them ways in which they could get a refund and telling them what to say and what not to say, we decided to investigate him. We found that he had completely erroneous books with false entries on them of all sorts. In other words, he didn't report his income. So we informed the Intelligence Unit and continued with a joint investigation, our man assisting the men from the Intelligence Unit. Carey, who was referred to in that unit, was the agent from the Intelligence Unit, and the man was tried and convicted. I don't know what his sentence was. It was several years, I think.

I am informed now that his present condition possibly accounts for some of the seemingly irresponsible statements that he has made in this document. I am told he is in an advanced stage of paresis of the brain. That is why they removed him from—I think he was at MacNeill's Island—to wherever he is now. They have a complete report on him in the office of the general counsel with respect to this particular matter.

The CHAIRMAN. All right. Anything else you want to talk about, Mr. Smythe, while you are here?

Mr. SMYTHE. I don't think so. Do you want me in when the other gentlemen come in?

The CHAIRMAN. Yes, you stay here and we will get everybody in here.

Let's get the remainder of the Intelligence, and get Mr. Burkett in here too.

(Whereupon Messrs. Davies, Lawry, Reid, Rogers, and Schino were summoned to the committee room.)

The CHAIRMAN. We thought that in talking about these cases, perhaps—where is Mr. Schino? Did he get away?

Mr. DAVIES. The marshal said they wanted all the Federal men except Mr. Schino.

The CHAIRMAN. No, we want him too.

Mr. DAVIES. He is back here somewhere.

The CHAIRMAN. All right. I thought we would just get us all in here and see what we can make out these things. Is that the best way to do it?

Mr. DAVIES. Sure.

The CHAIRMAN. Mr. Schino has already been sworn. Mr. Smythe has been sworn and Mr. Burkett has.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DAVIES. I do.

Mr. LAWRY. I do.

Mr. REID. I do.

Mr. ROGERS. I do.

The CHAIRMAN. Mr. Halley, you might get started. Mr. Schino will be in presently, I trust.

**TESTIMONY OF CHARLES E. DAVIES, SPECIAL AGENT, INTELLIGENCE UNIT; FRED L. LAWRY, ASSISTANT SPECIAL AGENT; RALPH R. REID, RETIRED, SPECIAL AGENT, INTELLIGENCE UNIT; AND DONALD B. ROGERS, GROUP LEADER, BUREAU OF INTERNAL REVENUE, UNITED STATES TREASURY DEPARTMENT**

Mr. HALLEY. Will you each give your full name, title, and duty for the record?

Mr. DAVIES. My name is Charles E. Davies. I am a special agent in charge of the Intelligence Unit. My duties are to handle the administrative and executive end of the San Francisco division of the Intelligence Unit.

The CHAIRMAN. While you are talking, when did you become special agent?

Mr. DAVIES. July 25, 1950.

The CHAIRMAN. And prior to that time Mr. Reid was?

Mr. DAVIES. That's right, yes, sir.

The CHAIRMAN. Excuse me.

Mr. HALLEY. Mr. Lawry?

Mr. LAWRY. Fred L. Lawrey, L-a-w-r-y. I am assistant special agent in charge of the San Francisco division. My duties are more or less administrative and routine.

The CHAIRMAN. How long have you been in that position?



Mr. LAWRY. Approximately a year and a half.

The CHAIRMAN. What were you before?

Mr. LAWRY. A special agent in the field. Well, I was a reviewer just prior to that. Prior to that time I was special agent in the field.

The CHAIRMAN. All right.

Come in and sit down here, Mr. Schino.

(Whereupon Mr. Schino entered the committee room.)

Mr. REID. My name is Ralph R. Reid. I retired from Government service on June 30, 1950.

The CHAIRMAN. And what were you before?

Mr. REID. I was special agent in charge of Treasury District No. 14 of the Intelligence Unit, from September 1936 until June 30, 1950.

The CHAIRMAN. When did you enter the Government service?

Mr. REID. First entered the Government service August 1, 1913. Served 6½ years as Registrar of the United States Land Office at Buffalo, Wyo. I reentered the Government service as a special agent in the Intelligence Unit on December 15, 1925.

Mr. HALLEY. May we have your name, please?

Mr. ROGERS. My name is Donald B. Rogers.

Mr. HALLEY. And what is your position, Mr. Rogers?

Mr. ROGERS. My present duties are as a group leader under the special agent in charge. I have charge of a number of special agents.

Mr. HALLEY. Mr. Davies, were you in charge of the Intelligence Unit when the facts with respect to the Mountain City Consolidated Copper Co. first became known, or was Mr. Reid?

Mr. REID. That was me.

Mr. HALLEY. And at what time was that?

Mr. REID. It was, I believe, in May of this year; possibly April. I can't tell you definitely from my memory. It is a matter of record, however.

Mr. HALLEY. How did that first come to the attention of the Bureau of Internal Revenue?

Mr. REID. It first came to my notice through a memorandum report from Special Agent William A. Burkett, in which he recited the information that had been given to him and attached as exhibits to that transcripts of conversations that had occurred between a man by the name of Hartmann and the attorney for a taxpayer. The transcripts were taken, according to Mr. Burkett's information and report, with the knowledge and approval of the attorney, but not of Mr. Hartmann. That report came to my desk. I saw that there were allegations made there by Hartmann which apparently involved Chief Field Deputy Schino. It also named a man who had formerly been a Bureau employee in Nevada.

The CHAIRMAN. Mooney?

Mr. REID. Yes, sir; Mooney. So we immediately instituted an investigation. I phoned our Los Angeles office, asking them to send me a special agent who would be a competent investigator of personal matters. My reason for doing so was that Mr. Schino was known personally to practically every employee of the San Francisco office, and following our usual custom, I wanted the investigation made by a man who was a stranger to all parties concerned—so that regardless of how the investigation turned out, it could not be said that he was whitewashed by a friend or that he was stabbed in the back by an enemy. The agent came up and proceeded with the investigation.



The CHAIRMAN. His name is Stringham?

Mr. REID. Stringham; yes, sir.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. HALLEY. What did you do? What was the course of the investigation?

Mr. REID. He reported to me from time to time. The investigation had not been completed at the time of my return. But up to that time he had interviewed under oath Mr. Hartmann and also a son-in-law of the taxpayer. Hartmann obviously lied either in his conversations with the taxpayer's attorney or in his testimony to our agent, because the two statements were diametrically opposed. He denied, in fact, ever having had any such conversations. The son-in-law also entered such a denial.

Mr. Schino was called in and interrogated by Mr. Stringham, and then Mr. Lawry, my assistant at that time, was going to Reno on other business, and because of his wide experience and his knowledge of conditions in Reno, I asked him if he would find out what Mooney might say about this matter. The story sounded to me in the first place somewhat preposterous, because I couldn't understand how any man in another State could help to convince a taxpayer that he might do that taxpayer some good in California—particularly as the case had been out of our office for over a year.

Mr. HALLEY. Well, doesn't the Intelligence Unit handle the State of Nevada as well as the State of California?

Mr. REID. Yes, sir; part of our district.

Mr. HALLEY. So that might explain the interstate action?

Mr. REID. But regardless of what I might have thought about the matter personally, I asked that that be done, and——

The CHAIRMAN. Now the case had been out of your office for a year. What do you mean by that?

Mr. REID. The taxpayer's case.

The CHAIRMAN. Well, where had it been for a year?

Mr. REID. In the Department of Justice with a recommendation for prosecution.

Mr. HALLEY. That would not be known to the taxpayer necessarily?

Mr. REID. Not so far as I know.

Mr. HALLEY. In fact, he would never be officially notified that the case had been sent to Justice?

Mr. REID. No.

Mr. HALLEY. So that if somebody wanted to——

Mr. REID. We don't advise the taxpayers.

Mr. HALLEY. That's right.

Mr. REID. That case has gone forward for prosecution.

Mr. HALLEY. Well, if somebody wanted to sell some favor to the taxpayer under the guise of being able to influence you, the mere fact that the case happened to have been sent to the Department of Justice wouldn't be very relevant, because the taxpayer wouldn't know that?

Mr. REID. That is true.

The CHAIRMAN. Well, the taxpayer might not know it, or he might know it. I mean, they seem to have a way of finding out when these cases against them get to Washington, some way or another.

Mr. DAVIES. Senator, may I say something here on that point? I don't want to interrupt the continuity of——

Mr. REID. However, when Mr. Lawry returned, he advised me that Mr. Mooney had stated that he did receive a sum of \$5,000 in currency, and he told him how he received it, and told what it seemed to be—that it seemed to be a fairly creditable story as to why he received it and what he did with it. Our main concern in this personal inquiry was with respect to charges against a man who was a Government employee. There was a question in my mind at that time as to what jurisdiction we had on the man Mooney, unless it could be shown that he had participated in a shake-down or extortion racket of some sort. So, as I have been since informed, the investigation along those lines is still continuing. However, we were convinced that Mr. Schino was not a party to the matter, that he knew nothing about it and received none of the proceeds of this \$5,000. As a matter of fact, it is in my memory—of course the record itself is the best evidence—that the attorney for the taxpayer asked Hartmann that specific question in one of the two conversations. That is to say, he said to Hartmann, “Did Schino get any of this money?” and the reply was, “No; and that’s what he’s mad about.”

The CHAIRMAN. Well now, Mr. Burkett, in the transcripts of conversations between Hartmann and his attorney, which I believe you saw, didn’t you?

Mr. REID. I saw the transcripts, yes, sir. I did not hear the record itself.

The CHAIRMAN. Yes. Well, I think the transcript said that he did get money, didn’t it? That Mr. Schino did? That is, that Hartmann told the attorney for Mrs. Jenkins that Schino was in on the money?

Mr. BURKETT. The first memorandum, Senator, in June or July of 1949, the informational report, was that—from Mr. Booker, told to me in his conference room—the last interview he had with this client, on our way to prison, was in connection with this money, and that he had subsequently talked to Hartmann or Hartmann had come to his office not knowing who he was, and at that time Hartmann had stated to him that \$5,000 had been passed and that he, Booker, had kept out of the business, she would never have been indicted, and that Schino had received or had received part of the money; what part I don’t know, and he didn’t know. He then went to prison, and asked his client if it was true what Hartmann was complaining of. Jenkins denied it. Then he was still puzzled and worried about it, and he then came to me and said, “For what it is worth, I am reporting it to you.” I in turn reported it to my superiors as an informational matter. That is where it stayed until the wire recordings were taken, almost 9 months later.

The CHAIRMAN. Now, this time you are talking about was in May of 1949?

Mr. REID. Yes.

The CHAIRMAN. When it first came to your attention?

Mr. REID. That’s right, sir.

The CHAIRMAN. All right Mr. Halley.

Mr. HALLEY. Did you ever investigate an allegation—

The CHAIRMAN. Pardon me. When did you say you left the service?

Mr. REID. June 30, 1950.

The CHAIRMAN. All right, Mr. Halley. Excuse me.

Mr. HALLEY. Did you ever investigate an allegation that Mr. Schino had been in touch with an attorney in New York who was to represent Gertrude Jenkins?

Mr. REID. I believe that was part of this same investigation; yes, sir.

Mr. HALLEY. And did you check with that attorney in New York to ascertain the facts?

Mr. REID. Mr. Stringham handled that investigation. As I say, the report was not completed.

Mr. HALLEY. Did you order Mr. Stringham to check that?

Mr. REID. I may say that the only order Mr. Stringham had from me was to make a complete and thorough investigation—do whatever was necessary to be done.

Mr. HALLEY. Wouldn't it be an essential thing to ascertain immediately, whether Mr. Schino had contacted an attorney in New York for the purpose of that attorney handling the Jenkins case?

Mr. REID. It was done; yes, sir. But I don't know just when it was done. I do know, though, that it was done.

Mr. HALLEY. Do you know anything about that, Mr. Rogers?

Mr. ROGERS. No; I didn't handle that investigation.

Mr. HALLEY. Well, didn't Mr. Burkett get in touch with Mr. Higgins, and wasn't he told by Mr. Higgins that Mr. Schino had been in touch with him about the case?

Mr. ROGERS. He said so; Mr. Burkett said so.

Mr. HALLEY. And did you reprimand Mr. Burkett for getting in touch with Mr. Higgins by telephone?

Mr. ROGERS. I told Mr. Burkett—I asked Mr. Burkett if he had authority to make a long-distance call. He had run up quite a lot of money.

Mr. HALLEY. Well, aside from Mr. Burkett, who did that and was reprimanded for doing it? Is there anyone in this room can say whether a check was made with Mr. Higgins to see if Mr. Schino contacted him about the case, and if that check was made, what the result was?

Mr. SMYTHE. I can testify to something that happened in New York. I was having lunch with several gentlemen, including Mr. Higgins, whom I know. Mr. Higgins told me, he said, "Just a day or two ago—or sometime recently—somebody called me on the telephone and told me they were checking long-distance calls and wanted to know if Mike Schino ever called me." And I said, "Well, did he?" And he said, "Not that I remember; maybe he did. I don't know." And I said, "Well, what did you say to him?" He said, "Well, I can't remember if he called me"; so I said, "Well, what answer do you want?" This is Higgins' conversation to me. And they said, "Well, we think he made a phone call to you." And I said, "All right, if you say he made a phone call to me, I guess he did."

Mr. HALLEY. How do you remember it, Mr. Burkett? Did you make a report at the time?

Mr. BURKETT. Yes, sir; I had special agent Hedrick beside me at the phone. We had Mr. Hartman under oath in the conference room and time was of the essence. The telephone bill ran \$6, I think it was, in amount. I called there because of the time lapse. I thought



this man might be leaving his office in New York City, and I didn't know who Joseph T. Higgins was. I asked him if he was a collector, and then he identified the other things. Then he stated that, yes, he did recognize the name Gertrude Jenkins, that he would check his files. So he checked his files and came back and said, "I don't have anything in the files about Gertrude Jenkins, but the name seems familiar. What is it all about?" I said, "I just wanted to know if Mr. Schino, this office, had telephoned." And I gave him the approximate date, the long-distance-call date on either one or two calls, or both. Then Mr. Higgins stated that, yes, he had talked to Schino, he had recalled meeting him in New York under some circumstances, but that he did recall that he had talked with Schino about some matter recently in regard to taxes, and what it was he then couldn't remember. I wanted to be sure that we were all together on one conclusion, whether or not he had talked to Mr. Schino by phone from San Francisco, and I asked, "Is that your final conclusion?" He said, "Yes, that is my final conclusion." We immediately went back and talked to Mr. Hartmann again. Hartmann still denied that he had ever talked or that Schino had ever mentioned that this—that Schino had ever mentioned this man Higgins to him.

The next day I called Mr. Hartmann back, and under oath he said, "I wish to retract my statement made yesterday. I do recall, Mr. Schino did mention Joseph T. Higgins to me."

Mr. HALLEY. What are the facts, Mr. Schino? If you remember?

Mr. SCHINO. The facts are that I never did mention Joe T. Higgins, gentlemen, to Mr. Hartmann or anybody else, and those are the absolute facts.

Mr. HALLEY. Did you call Mr. Higgins?

Mr. SCHINO. No; I never called Mr. Higgins at all.

Mr. HALLEY. Where do you think Mr. Burkett found Mr. Higgins' name?

Mr. SCHINO. If I called Mr. Higgins, Mr. Burkett would naturally know. You could check through the telephone company and find out if I ever called there.

Mr. BURKETT. The wire transcriptions state, he said, "Naturally this call could not be placed from Mr. Schino's office. We went to a pay phone and there called, and he, Hartmann, paid the fee."

Mr. SCHINO. No, no such.

Mr. BURKETT. And that Mr. Higgins was to send a telegram to Cliff Englum, confirming the point that Cliff Englum would handle the penal end of the Jenkins case. Mr. Hartmann, it is true, made certain statements to Mr. Stringham. I took on Mr. Hartmann after he had made those others, and I took the wire recording in, with Mr. Hedrick, and we played these parts back word for word. As we played them back, we asked the questions and told him he was under oath, and at those times he refreshed his memory to the point where his story, after hearing the transcription, was, as Mr. Reid said, a little different than his first story.

Mr. HALLEY. Was Stringham a new man?

Mr. REID. No, sir. A new man in this division, but not a new agent.

Mr. HALLEY. How long had he been in the service?

Mr. REID. He had come to us from Washington, D. C., division, well recommended by the agent in charge there as a competent man.



Mr. HALLEY. Did anybody review his investigation?

Mr. REID. I couldn't answer that.

Mr. HALLEY. Mr. Schino——

The CHAIRMAN. Mr. Davies here wants to say something.

Mr. DAVIES. Mr. Halley, I reviewed Mr. Stringham's report, and by that time the newspapers had had a lot of publicity about these same matters, and I went over it to the best of my ability and wrote a cover letter, accompanying the report, and discussed it with Mr. Smythe and stated that in my opinion the evidence had failed to disclose anything derogatory to Mr. Schino of such importance to merit even a recommendation for a reprimand.

Now I might say that there were two reports on that matter. One had been written before I came into the picture and the second one was a supplemental report. We had a request from Mr. Stringham to answer some criticisms that had been made of the report from Washington, and I wrote him a letter on the week before and asked him to report to San Francisco this Monday. He reported to San Francisco, and on Tuesday the newspapers started this campaign of criticism. So I was on notice that this was an embarrassing matter to us and I was most careful, I think, in going over what Mr. Stringham had done.

Mr. HALLEY. Did the Stringham report indicate whether he had checked with Mr. Higgins about the Schino episode?

Mr. DAVIES. I don't believe it did; no, sir.

Mr. HALLEY. Isn't that a most important point?

Mr. DAVIES. I didn't think so.

Mr. HALLEY. Well, Mr. Schino has testified himself, if I recall correctly, that he thinks no member of the internal revenue service should be in touch with an attorney for the purpose of ascertaining whether that attorney would represent somebody under investigation.

Mr. DAVIES. I agree.

Mr. HALLEY. That is correct.

Mr. SCHINO. I meant to say this. I think you might have misunderstood me, Mr. Halley. It is not the practice for us to call attorneys up. They are to call us up. We don't pass cases out to attorneys and stuff like that.

Mr. HALLEY. You think it would be wrong if you had told Mr. Higgins, wouldn't you?

Mr. SCHINO. I wouldn't do such a thing.

Mr. HALLEY. It would be a wrong thing to do?

Mr. SCHINO. Sure it would be a wrong thing to do.

Mr. DAVIES. I want to answer that question, of course.

Mr. HALLEY. Yes.

Mr. DAVIES. We have strict orders against recommending any attorney or any agent recommending any attorney or any account.

Mr. HALLEY. But still, it appears that the only man who did take the trouble to call Mr. Joseph Higgins, who I might say on this record has an excellent reputation in New York City as a member of the bar and a former collector—the only man who did take the trouble to call Mr. Higgins was reprimanded for doing it.

Mr. DAVIES. May I add something, make a statement to that fact, on that point? We have orders before we put in any long-distance calls we are to get permission from our group chief. I don't think anybody—I don't know, but I wasn't present and didn't participate.

But I don't think any special agent has the authority to put in an expensive long-distance telephone call without getting the permission from the group chief. I think that is the only reason he was reprimanded. I don't think anybody wanted to keep him from learning about it.

Mr. HALLEY. Well, the more important thing was, hasn't anybody else seen fit to get in touch with Mr. Higgins? Except, of course, I understand Mr. Smythe happened by accident to talk to Mr. Higgins when Mr. Higgins raised the question. But hasn't anybody in the course of this official investigation gotten in touch with Mr. Higgins?

Mr. DAVIES. Not so far as I know, no.

Mr. HALLEY. No one has gotten in touch with him to ascertain the facts?

Mr. DAVIES. No, sir.

Mr. HALLEY. By the way, Mr. Schino, I believe you testified that you knew Joseph Cannon?

Mr. SCHINO. No, sir.

Mr. HALLEY. But that you had never stayed with him at any hotel?

Mr. SCHINO. Not that I recall, at no time.

Senator TOBEY. The statement was, he made a flat statement he didn't.

Mr. HALLEY. That's right; and particularly you had never stayed with him at the hotel in Hollywood, the Hollywood Knickerbocker?

Mr. SCHINO. That's right.

Mr. HALLEY. Do you recall having been at the Hollywood Knickerbocker with an L. F. Davis?

Mr. SCHINO. No; I never did.

Mr. HALLEY. Do you know any man named L. F. Davis?

Mr. SCHINO. I don't know him.

Mr. HALLEY. Well; were you in the Hollywood Knickerbocker in November of 1946?

Mr. SCHINO. I may have been.

Mr. HALLEY. November 27 and November 28?

Mr. SCHINO. I may have been.

Mr. HALLEY. Do you remember occupying room 417, a \$10-a-day room?

Mr. SCHINO. I don't recall that.

Mr. HALLEY. The record of the Hollywood Knickerbocker shows that you were there on those days with Mr. Joseph Cannon and Mr. L. F. Davis and that three people occupied the room.

Mr. SCHINO. No; I wasn't there.

Mr. HALLEY. That does not refresh your recollection?

Mr. SCHINO. No; absolutely not.

Mr. HALLEY. Allow me to show you a duplicate copy of the record of the Hollywood Knickerbocker for Mr. Michael E. Schino, and I ask you to examine it, for the year 1946 [handing to Mr. Schino]. It is on the other side, I believe. Yes; it is out of the first sheet.

Mr. SCHINO. November what? [Examining.] I shared one night during the war—you couldn't get a room by yourself.

Mr. HALLEY. This is 1946 we are talking about.

Mr. SCHINO. 1946. Do you see the date here?

Mr. HALLEY. It is this one right here. They carried it through [conversation between Mr. Halley and Mr. Schino out of hearing of the reporter].

Mr. SCHINO. Oh, that is Gus Oliva.

Mr. HALLEY. No; here [indicating].

Mr. SCHINO. I wasn't with Joe Cannon; no. I stayed with Joe and Gus Oliva that night.

Mr. HALLEY. That is another night you are talking about?

Mr. SCHINO. Yes; but I didn't stay with Cannon.

Mr. HALLEY. Have you ever seen Cannon at the Hollywood Knickerbocker?

Mr. SCHINO. No; I never seen him at the Hollywood Knickerbocker. Never even laid eyes on him. I tell you, it was during the war and you couldn't get rooms, so I had to share a room. They were suites; one side had a Murphy bed, the other side had two beds in it and a kitchen and a bath, closet. I shared with Gus Oliva. I remember sharing with him.

Mr. HALLEY. Well, that's another day, Gus Oliva; that is in 1947, I think—June of 1947. But prior to that, in November of 1946—

Mr. SCHINO. No; I never shared no room with Joe Cannon.

Mr. HALLEY. Well, the registration of the Hollywood Knickerbocker shows that Joe Cannon was there. Would that be wrong?

Mr. SCHINO. That would be wrong, because I never shared the room with him at no time.

Mr. HALLEY. Do you know L. F. Davis?

Mr. SCHINO. No; I don't know Mr. L. F. Davis.

Mr. HALLEY. Did you ever share a room with F. P. Tomasini?

Mr. SCHINO. Frank Tomasini; yes.

Mr. HALLEY. And Gus Oliva?

Mr. SCHINO. With Gus Oliva I did; yes.

Mr. HALLEY. And M. Rogers?

Mr. SCHINO. M. Rogers? Who?

Mr. HALLEY. M. Rogers.

Mr. SCHINO. No; I don't know an M. Rogers.

Mr. HALLEY. Did you ever share a room with M. Rogers?

Mr. SCHINO. No.

Mr. HALLEY. With Joe Rothschild?

Mr. SCHINO. Yes.

Mr. HALLEY. John B. Lewis?

Mr. SCHINO. Yes.

Mr. HALLEY. With F. B. McCready?

Mr. SCHINO. Yes.

Mr. HALLEY. With Samuel Lippman?

Mr. SCHINO. Sam Lippman; yes.

Mr. HALLEY. With Harold A. Bellinio?

Mr. SCHINO. Berliner.

Mr. HALLEY. Berliner?

Mr. SCHINO. That's right.

Mr. HALLEY. You have shared a room with him?

Mr. SCHINO. Yes, sir; a former collector.

Mr. HALLEY. And with L. J. Guibini?

Mr. SCHINO. Yes.

Mr. HALLEY. You have shared a room with him, G-u-i-b-i-n-i?

Mr. SCHINO. Yes.

Mr. HALLEY. Well, at least to that extent this record seems to be right. Now is it your contention that the hotel record showing that you shared room 417 on November 7 and 28——

Mr. SCHINO. No, sir; I didn't share.

Mr. HALLEY (continuing). With Joseph Cannon and L. F. Davis is false?

Mr. SCHINO. No; I never shared with them at no time.

Mr. HALLEY. Davis, D-a-v-i-s?

Mr. SCHINO. David, that's right.

Mr. HALLEY. Do you know David?

Mr. SCHINO. No, I don't. Never saw the man. Just only what you tell me here.

Mr. HALLEY. And you contest this whole hotel record, or this part of it, sir?

Mr. SCHINO. I do.

Mr. HALLEY. The whole hotel report, or this part?

Mr. SCHINO. I do, sir. I never stayed there then.

Mr. HALLEY. Gentlemen, I asked Mr. Smythe some time back whether he had checked the income-tax returns of all the stockholders of the Mountain City Consolidated Co. who were residents of this district. He said he had asked for such a list but hadn't received it yet. I believe the committee would like to know, now that the investigation has been going on since May, how long it will be before Mr. Smythe gets a list so that he can go to work on these people to see if they have paid their tax.

Mr. DAVIES. I think I should answer that. When this gentleman resigned, he told me at the time that the investigation against Mr. Schino was being whitewashed and I told him I had talked it over with the fellow that was making the investigation and that I found nothing to suggest for him to do and I knew nothing wrong with the thing; it wasn't being whitewashed as far as I knew anything about. So I was on notice as soon as he decided to put—this thing was hot, and then the newspaper publicity came on and we had—that is the Mountain City Consolidated Copper Co. And I knew that thing was hotter than a firecracker. So this gentleman had turned in a report which included two things. He was asked to separate. Subsequent to his leaving, it was assigned to Thurston and Snyder to make a report and separate Mr. Burkett's report into proper parts. That has been done. There is a photostatic copy. The newspaper accounts contained allegations that a report had been suppressed. I don't know where that information came from and I don't know what report was referred to. But I was very sensitive on that point. So I had a photostat made of Mr. Burkett's report, the only one I know about, and that was included in Mr. Stringham's supplemental report on Mr. Schino. It is also to be included in the report of the preliminary investigation on Pat Mooney, who occupied a position comparable to Mr. Schino's in Reno, in the collector's office there.

Mr. HALLEY. Has any recommendation been made to Washington that proceedings be started against Pat Mooney?

Mr. DAVIES. I am coming to that, if you don't mind waiting just a moment. I signed that to Thurston Snyder, and of course I wanted him to correlate all the information we had on this point and give me an informational report preliminary on Pat Mooney. During the



course of gathering this stuff together, he discovered that the SEC had made an investigation of this stock deal and we got access to that through channels. It was a pretty voluminous matter and Mr. Snyder spent some time on it. He was sick sometime. I have been very busy; I have been back East and taking over this new job, and many things I should have done I haven't done. The thing has been constantly under investigation. It had not been stopped, the report will be submitted to Washington with the recommendation that the jacketing be issued, and that we make a complete detailed investigation of the whole matter.

Now I am also responsible for a lot of things there. I don't want to make a political speech, and if I go too far, please stop me. We have a budget of \$11,250, a new proposition, for the first 6 months, or rather the last 6 months of 1950. I have to keep travel expenses within this allowance. This investigation is going to involve this. It is going to involve putting two or more men to run these stock-holdings down wherever they are in Nevada and, for example, Guy McAfee is alleged—I don't know, I am not familiar with it—but he is supposed to have bought stock. Well, Guy McAfee is a big-shot operator in Las Vegas. I investigated him many years ago down in Los Angeles. His holdings are extensive, and to find out whether there is anything wrong with McAfee's case during the period he bought this stock might be a large investigation in itself. There are other people involved—gamblers. I have heard from Mr. Snyder and from Mr. Burkett too that these people who were selling stock to everybody over there in a package deal that was supposed to take care of their income tax and take care of their—they could have the stock too.

Mr. HALLEY. Have you heard that Mooney prepared Bones Remmer's income tax?

Mr. DAVIES. I do know that now. I don't remember just when I found it out, but I do know that.

Mr. HALLEY. Is that a fact?

Mr. DAVIES. Yes; I am sure it is. I am sure it is admitted. It is admitted by Pat Mooney that he did prepare it.

Mr. HALLEY. Is there justification for that?

Mr. DAVIES. Not that I know of; no, sir.

Senator TOBEY. Is Mooney crooked, in your judgment?

Mr. DAVIES. Yes, sir; certainly. I don't want to make a political speech, and if I go too far, stop me, but I think any officer who sells anything of that nature certainly is in a most reprehensible business.

Mr. HALLEY. Well, the problem that seems to be evading us is the impression which the public will have of those of us who are working for Uncle Sam—a situation caused by this mess. And here we have one man who tries to do something about it and he is made sufficiently uncomfortable that he left. And then things are going along so slowly that Mr. Mooney may well not be around. He is a man of 80. He may be gone before anything happens.

Mr. DAVIES. That is perfectly true. Mr. Mooney's sons are, I believe, involved in the sale of the stock. Mr. Hartmann is involved in it. If the people were getting their tax cases squared, there are a lot of things. There are a lot of those.

Mr. HALLEY. But there are some well-known gamblers involved?

Mr. DAVIES. You bet.

Mr. HALLEY. Not only McAfee but Remmer and Georgetti?

Mr. DAVIES. Yes, sir.

Mr. HALLEY. And others?

Mr. DAVIES. I don't know about Georgetti. I don't know whether he bought stock there. He may have.

Mr. HALLEY. Well, isn't he one of the people Mooney dealt with?

Mr. DAVIES. As far as I know; no. I don't know that.

Mr. HALLEY. Well, Mr. Robinson says no. Is there any way to speed this thing up so that the impression created by reading the crime commission report can be counteracted by a showing of speedy action?

Mr. DAVIES. I am certainly on what is commonly known as a spot. Of course, I will have to suppress that thing as hard as I can, only——

The CHAIRMAN. I think we might make this thing more clear, gentlemen, in case you don't know just what we are trying to drive at.

Mr. DAVIES. Yes, sir.

The CHAIRMAN. We are not here in an unfriendly attitude.

Mr. DAVIES. I am sure you are not, Senator.

The CHAIRMAN. You have got 1,300 employees in this district and in the Los Angeles district they have 1,600.

Mr. DAVIES. That is true.

The CHAIRMAN. This blight is on the whole Internal Revenue Department in this section and all over the United States.

Mr. DAVIES. Yes, sir.

The CHAIRMAN. And it is doing the whole department irreparable damage. Furthermore, it is going to be awful bad from the Government's viewpoint on tax collections, because anybody, of course—in the first place, tax collectors are not too popular. And then if people who collect them and have something to do with it get by with things like this, it is going to be an open invitation for other people to.

Mr. DAVIES. Yes.

The CHAIRMAN. Senator Tobey and the committee and our staff—if anybody is guilty of something, we want to see the facts brought out and see them prosecuted.

Mr. DAVIES. Naturally, sir.

The CHAIRMAN. If they are not guilty, why, this blight on the department ought to be removed so that they can render effective service. And the thing has got to be brought to a head and quick.

Mr. DAVIES. Yes, sir.

The CHAIRMAN. This thing of dragging along on a report and going through all the official techniques and channels—sometimes in a case like this something else has got to be done. It is a matter of great importance.

Mr. DAVIES. That is perfectly true.

The CHAIRMAN. What do you think ought to be done

Mr. DAVIES. I propose to press the thing to the extent that I am permitted to, and, of course, I am sure I will have every freedom to do it, every free rein. This crime committee report has only been known to me for—I don't know how many days; but comparatively few days that I have known about it. I found out—may I illustrate one point. Suppose I have Guy McAfee, for example, and I find out he bought stock from Pat Mooney. Now, to find out why Pat sold him the stock, what was going on in McAfee's tax case, and to prove by

competent admissible evidence—which I must do before I recommend prosecution—that would involve an extensive investigation.

Mr. HALLEY. May I interrupt for just a moment?

Mr. DAVIES. Yes.

Mr. HALLEY. It would seem to me, and I do not mean to be presumptuous, but just to get my personal views——

Mr. DAVIES. Please don't hesitate to word it in any way.

Mr. HALLEY. The case falls in two parts. The one in which the great public interest is, is in the case of the United States against Mooney. There is a member of your official family who may or may not have violated his oath of office to the United States.

Mr. DAVIES. Undoubtedly he did.

Mr. HALLEY. If he did, there is the case which, it would seem to me, you should seize upon immediately, first, as against Mooney; and then, secondly, you should proceed to find out if any other people in the Bureau of Internal Revenue had any part in conniving with him or in blinking at what he did. It would seem to me that that can be done almost immediately and should be done by the highest ranking officer here immediately, and that it shouldn't cost more than the cost of bringing Mr. Mooney here and seeing him and getting a list of his customers and getting that pretty quickly. I can't understand why the detail that you mention is so necessary, the investigation of individual investors and the mining companies—I can't see why all that should be gone into so laboriously when the main question is of Mooney and his violation of trust against Uncle Sam.

Mr. DAVIES. The first-class suggestion, Mr. Halley. Perhaps I should have thought of something of the sort a long time ago. I am trained to do things as we are supposed to do them, and the investigation of somebody whom we suspect is acting in a crooked capacity means the whole picture, and the whole picture in this case is pretty extensive.

Mr. HALLEY. By the time you finish the whole picture, your witnesses are dead, your chief defendant is dead, the public has got the idea that it is only whitewash and a good man like Burkett quits in disgust.

Mr. DAVIES. Well, may I say something on that resignation proposition of Mr. Burkett here? I would be glad to discuss it very shortly without being controversial. I never saw Mr. Burkett but once before I took over this job. He came to see me and he claimed that he had been very badly used by his group leader. I was sympathetic. He creates a good appearance, and I informed him that I would transfer anybody once. He also said at the same meeting that he had an offer of a job that paid him \$10,000 a year for the first year and \$10,500 the second, and that he owed it to his family—he loved our work, but he owed it to his family—to take this position. I have always made it a point, Mr. Halley, never to interfere with anyone's intention to leave the service or better themselves. Money is something. It was really a decision that a man must make for himself. I told him that in substance, I wouldn't advise him one way or the other. I was tempted to urge him to stay, but I didn't do it. And when I talked about it to the other fellows in the office afterward, they said, "Let him go; he is a trouble-maker." Shortly after, after we had this first interview, he talked again to me about this Schino case being whitewashed. I told him—I



don't know whether I did the right thing or not, but I didn't whitewash the case for any ulterior motive on my part. I did the best I could with it and I think that the report is all right. I am not apologizing for it. But Mr. Burkett was alleged by the newspapers to have resigned in protest because a report of his was suppressed. I don't know where that came from, whether it came from Mr. Burkett or somewhere else. It seems to me it could hardly be true under these circumstances.

Mr. Burkett came to me on our second interview and asked if he might have a year's leave of absence. I told him I didn't know anything about those regulations, that it was a civil-service matter, and that if he was entitled to a year's leave of absence, to ask for it; they could only say "No." But I told him I would give him my guess that he would never get it. I told him, "You are going some place to take another job for 2 years, and the Government will never permit you to do that." I found in his personnel file the other day his request and the refusal by the chief.

Now, if Mr. Burkett has disseminated this information that he resigned because a report was suppressed, I wish to say I heard of no report being suppressed, and I don't think a man would resign a job in protest without saying that he was resigning in protest. I don't think that he would ask for a year's leave of absence if he were resigning in protest. We have that file and it is available.

Mr. HALLEY. Do you want to comment on that, Mr. Burkett?

Mr. BURKETT. Yes, please. I wrote to Mr. Harry Kranz, regional director of the United States Civil Service, on July 30, 1950, stating that I would greatly appreciate having his advice on, one, taking a leave of absence without pay status, or two, if I left the service, my chances of getting back with the service. I said, briefly, "It is my conviction that certain mismanagement exists with the office that I am with, to the extent of whitewashing former Bureau of Internal Revenue officials involved in the acceptance of a \$5,000 bribe to quash the criminal prosecution of an income tax case that I investigated and recommended prosecution on."

And then I went on to state that I had had chances to leave, better salaries, prior to this, but that I liked my work, I liked law-enforcement work, and I do to this day. But what it settled down to, quoting again:

What this settles down to is my personal desire that I remain a career employee with the Federal Government service. On the other hand, I have the uncompromising determination that I do not want to be associated in any way with a bureau of the Federal Government that apparently condones governmental dishonesty.

Mr. Kranz was familiar with this problem, because I asked him personally to check who Joseph T. Higgins was, and he did it through the Civil Service Commission files and investigation—because I didn't want it to go through the Bureau or Department, because Mr. Walter Camel stated that there had been some question of Mr. Joseph T. Higgins' activities some years prior. It is true that at the time I talked to you [addressing Mr. Davies] that at that stage there was no other alternative. As I said, I had opportunities before—

The CHAIRMAN. Well, in this same letter did you ask for leave of absence?



Mr. BURKETT. Yes, in that same letter I likewise was trying to work out—I said in the thing:

The reason why was I thought that in a year or two things might change.

Mr. DAVIES. Did you ever show me this letter?

Mr. BURKETT. No, sir, this was a personal matter between me and the head of the Civil Service. [Continuing reading:]

My hope is that conditions in the Federal Government may change in the next few years, and if so, what would my chances be of being reemployed with them?

I like Federal service and I do not know anything about what I went into. I have had chances to go into other administrative positions. I like law enforcement. But I told Mr. Rogers many times before, and he wrote letters to my personnel file saying that I had openly criticized the administration and the office. I have a copy of that in my file, which I pointed out to Mr. Reid, which says that I was openly criticizing—

The CHAIRMAN. Well, let's not get on personal matters. Now the question was, Is that the letter you saw?

Mr. DAVIES. I did not see that letter.

The CHAIRMAN. What was the letter you are talking about?

Mr. DAVIES. I don't remember. I went through Mr. Burkett's file when this newspaper publicity began to appear, and I know there was a request for a year's leave of absence and there was a teletype, I believe, from the Chief, Intelligence Unit, stating that it might be granted. That is correct, is it not?

Mr. BURKETT. Yes, sir. I had three or four jobs open to me when I decided that I would leave, until I took this one.

The CHAIRMAN. Well, what would be your recommendation about bringing this Mooney thing to a conclusion? That thing stinks to high heavens, so far as I am concerned. It has been going on here since May 1949. Is that the time?

Mr. REID. 1950.

The CHAIRMAN. I thought the facts were first developed—I mean, some information first came to you—in May 1949.

Mr. REID. No, sir; May of 1950.

The CHAIRMAN. And then you left?

Mr. HALLEY. Well, even so, this is November.

The CHAIRMAN. And then you left the service in June 1950?

Mr. REID. No, sir. He had been out of the service for nearly a year and a half before this thing came to my attention. This was the spring.

The CHAIRMAN. But it came to your attention in May 1950?

Mr. REID. Yes, sir.

The CHAIRMAN. What was it you said about 1949? That is when he sold the stock?

Mr. REID. I said it was in 1949 that the Intelligence Unit completed its investigation of the taxpayer, with a recommendation for prosecution.

The CHAIRMAN. Oh. Of Mrs. Jenkins?

Mr. REID. Yes, sir.

Mr. BURKETT. May I inject, sir, that in May of 1949 there was an informational report brought to the attention of the special agent in charge about this \$5,000 passing, and at that stage it was clear they

didn't know who it was. But it was Pat. They knew it was a Pat, but they didn't know the last name. It was someone in Nevada.

Mr. REID. Mr. Burkett, you know as well as the rest of us do that there are literally thousands of informational reports that come into the office which are prepared by the various agents in the course of a year that don't reach the desk of the special agent in charge at all. Many of your own, undoubtedly, are withdrawn by you in connection with your cases and simply left among the working papers. You may have disposed of that to someone else. If so, it did not reach me.

Mr. BURKETT. In this case I came up and personally told you about Mr. Schino, first verbally to Mr. Rogers and then verbally to you, and then about 2 weeks went by and I put it in writing. Then I went back about 7 months later and asked you whether or not I should work with Mr. Schino in connection with the 101 Club, formerly owned by Georgetti—if there was any investigating being contemplated on Mr. Schino, perhaps I should not work with Mr. Schino. You assured me there was no investigation of Mr. Schino, that the matter referred to in the informational report was not being investigated.

Mr. HALLEY. Well, the question, Mr. Davies—

Mr. DAVIES. I have no recollection of that.

Mr. HALLEY. The question comes down to just this: Eliminating the personality problem, which always exists, the personnel questions, are you in a position both by virtue of having enough money available and the necessary personnel to provide really expeditiously an investigation of, one, the Mooney case, and two, any charges growing out of the Mooney case that members of your staff have failed to look into the Mooney case with proper expedition?

Mr. DAVIES. I will certainly press the Mooney case regardless of whatever else is involved. And as to that other matter that you speak of, I don't believe I clearly understand you.

Mr. HALLEY. Well, Mr. Burkett has indicated in his testimony that his efforts to have the Mooney case pressed a long time prior to this were obstructed by other people in your division.

Mr. DAVIES. Well, I should welcome a written statement from Mr. Burkett setting forth the facts, and I will have to investigate them, and I will investigate them.

Mr. HALLEY. Well, Mr. Burkett, would you object to your testimony being made available to the Bureau?

Mr. BURKETT. I have no objection, sir.

Mr. HALLEY. I think that might be the solution, for you to obtain a copy of Mr. Burkett's testimony. Is that satisfactory, Mr. Chairman?

The CHAIRMAN. If it is all right with Mr. Burkett, we will deliver Mr. Davies a copy of it.

Mr. BURKETT. I wish, sir, that some matters of opinion which as I recall I asked you permission to—

The CHAIRMAN. Yes, that's right. We will leave any matters of opinion out.

Mr. BURKETT. Or personalities.

The CHAIRMAN (to the shorthand reporter). Deliver the testimony to the committee and then we will see about the disposition of it, and also we will take out any matters of opinion.

We just want the facts.

Mr. REID. Senator, might I impose on you for as much as 3 minutes to make a very brief factual statement in behalf of the Bureau?

The CHAIRMAN. Yes, sir.

Mr. REID. In 1945, near the end of the war, we had 22 agents in this Treasury district. It became obvious all over the United States that black-market operations and war profiteering had reached scandalous proportions; recognizing that fact, the Senate and the House authorized a very rapid expansion in our personnel. For the next 2 years we were busily occupied in hunting for qualified men, training them and getting at this job. That was a job that Congress wanted us to do.

Now I mention this because there has been strong intimation in the press and elsewhere that in this Treasury district we have been neglectful in the prosecution of criminal income tax cases. The record will show that for the last 3 years this district has been the No. 1 district in the United States. We have had more successful criminal prosecutions for income tax evasions than any other district in the country. Personally I am quite proud of it. We have averaged better than one a week for 3 years.

During the last year there were returned 90 indictments in this Treasury district. Now it is true that most of them were against black marketeers and war profiteers. They were not small cases; they would run, I would say, on an average from a minimum of \$75,000 on up to, well, over a million. We produced in revenue, a thing that the Congress was slightly interested in, an average of from 18 to 22 million dollars a year of hidden moneys that would not have come to the Treasury elsewhere than on our direct work. Indirectly, through volunteer disclosures from people who were seeking to avoid prosecution, a provision also granted by Congress, we recovered roughly four times that amount for every dollar that came into our cases directly. There were \$4 which came in on voluntary disclosure as against \$1 on involuntary or indirect cases. So that we were responsible in this district for the production of roughly \$100,000,000 each and every year for the last 3 years.

Now to do that, we did not neglect the people that are called the underworld. We knew that it was a matter of vital concern to all people who expected the enforcement of law, and I believe the record will show there that with the possible exception of the Narcotic Service there was no other agency of the Government that devoted as much time or secured as many definite results as the Intelligence Unit. We investigated bookmakers, operators of gambling houses, operators of Chinese lotteries, of games of chance and other activities that were outside the law. We have, by a strange coincidence, among the list of names released by the crime commission, which represent probably the top offenders in this State, investigated the majority of those people already. We have secured indictments against most of those—or not secured indictments, pardon me, but recommended indictments. As to some of the others, the investigations are still in progress.

I merely wanted to outline for your information the position of the Treasury Department in this matter.

Mr. HALLEY. What you say is very important, Mr. Reid, and I for one have always had the highest regard for the Intelligence Service of the Treasury. That raises, it seems to me, even more the question of the necessity of getting rid of this one thing.



Mr. REID. I agree with you, sir.

Mr. HALLEY. That has created a tremendous——

Mr. REID. The matter should be cleaned up, swept up, so there will be no question that it will stay cleaned up forever.

Mr. HALLEY. In other words, here is one thing that is creating a bad impression and possibly doing a great deal of harm, and instead of being expeditiously brought to light, and the defect cured, it is being postponed and not necessarily purposely, but in effect it is being postponed so that the good things you are talking about are not seen in proper perspective. Don't you agree with that?

Mr. REID. I do, sir, and I proceeded with the matter without delay when it came to my notice.

Mr. Burkett says he brought it to my notice previous to that time. I have no recollection of that. I don't challenge his word, but I don't remember it.

Mr. HALLEY. In the questions I have asked, I haven't implied any conclusion on my committee or myself one way or the other; but I strictly do imply that some conclusion must be reached, and that the investigation must be brought to a finish at once and that there are some very bad circumstances, as you have said, Mr. Davies.

Mr. DAVIES. Mr. Halley, I think that when I first heard of it, it wasn't in the condition it is now. I have worked for this outfit for almost 20 years, and nobody ever tried to influence me on any case. I worked under Mr. Reid's direction for many years. He never interfered with any investigation I was making of anybody, he never interfered with my investigations at all. He never interfered with anything. And when Mr. Burkett said the outfit was crooked, I thought he was very emotional and upset. I offered to transfer him to another group. The only inference I could draw from this statement was that I was dishonest. I didn't pay too much attention to him. I thought he was excited, and if he wanted to quit, it was all right with me.

Mr. HALLEY. Don't you think somebody has got to get the Mooney case finished, and don't you think somebody ought to find out whether Mr. Burkett was smoking an opium pipe or whether he was just telling an untruth when he says that he telephoned New York and was told that Mr. Schino had called New York? And don't you think we ought to find out exactly what was meant when you were told (addressing Mr. Smythe) that maybe the call had been made by Mr. Schino and maybe it hadn't? What was that statement that was made to you?

Mr. SMYTHE. In effect he said to me that he was curious about a phone call he got from someone who said, or who he said, "They asked me over the phone if Mike Schino ever had called me on the phone." He said, "I couldn't remember Mike calling me." Then he said, "I said, 'Well, who wants to know?' He said, 'Well, we are supervisors checking whether phone calls were made or not.'" As I recall it, Higgins said to me, "I said, 'Well, what do you say?' And I told him, 'Well, what answer do you want?' And I asked him, 'Is he supposed to have called me?' And they said, 'Yes,' and then I said, 'Well, I guess he did.' I said I had no recollection of what he called me about."

Mr. HALLEY. Well, it seems to me that that ought to be checked.

Mr. DAVIES. Mr. Halley, may I say one thing on this point? When this thing came up, some of the fellows had one or more cases assigned



to them. This was not an important matter to me at the time it was mentioned to me by Mr. Burkett. It was just another case. I knew nothing about it and I was careful when the newspaper publicity came up. Mr. Burkett alleges there is a report suppressed. I don't know what report that is. I didn't think the call to Mr. Higgins had any particular bearing on this case.

Mr. REID. I would like to interject the statement that in the 15 years I was agent in charge here, no agent ever had any report suppressed by me, and the method of operation was such that such a thing would be impossible.

Mr. DAVIES. It just seems silly to me, Mr. Halley. I don't remember Mr. Burkett saying anything about a report being suppressed. I do remember he said the Mike Schino case had been whitewashed, and I looked the thing over and told Mr. Burkett at that discussion that it was not whitewashed so far as I could see. I told him I had talked to the man and had gone all over the investigation, all the investigative stuff, and that he looked O. K. to me.

The CHAIRMAN. Let's pass to another incident here. How about this Georgetti matter?

Mr. ROGERS. May I answer as to that one?

The CHAIRMAN. One thing I want to know is this. Mr. Burkett had a subpoena for some books and records, or he had a lot of books and records tied up. I understood that you, Mr. Rogers, called him off from getting them right then, to wait a while, and that they were going to handle them orderly in 30 days, and finally the books were of no particular assistance because Mr. Alioto got into the matter and couldn't—you couldn't get back of a certain time, and had to get out and work up the case the hard way. Did you call him off from this?

Mr. ROGERS. Let me explain the situation there, from the standpoint of the law.

The CHAIRMAN. From what?

Mr. ROGERS. From the legal standpoint, if I may do so from a layman's viewpoint. The books of an individual, if you put a summons on them, are valueless. You can't proceed with them. If you force an individual to bring them in, you are violating his rights under the fourth and fifth amendments, which is well known. These books were in the hands of an accountant paid by the taxpayer, who was his employee. To summon those books would have made the evidence illegal to use in court.

Mr. HALLEY. Well, weren't at least some of them corporate books?

Mr. ROGERS. These were not corporate books. He is an individual. Mr. Burkett worked on that man for 30 months. We have still got men working on him. Those cases are not made easily, and I think he worked in cooperation with Mr. Robinson.

Mr. REID. Mr. Burkett disagreed and then immediately I submitted that legal point to our regional counsel to find out whether there wasn't some way that the books could be compelled to be produced and still not be violating the taxpayer's right against self-incrimination. While they had that under consideration, the accountant was taken ill and went to the hospital, didn't he, Mr. Burkett? Wasn't that it?

Mr. BURKETT. I was all done within about 4 hours, Mr. Reid. I talked to Mr. Rogers—

Mr. REID. While he was in the hospital, then the attorney was called in and he said, "You are not going to have the books."

Mr. BURKETT. Well, it was all done within about just 4 hours, and Mr. Rogers said, like he did now, what the law was. I disagreed with him.

Mr. REID. That's right.

Mr. BURKETT. And I told him I would have to go over his head. I went to you, you stated, I think, that we should have the law department's personnel work on it, get their viewpoint I went there and Mr. Mortenson agreed with me, from the legal viewpoint, that Mr. Rogers was wrong. He agreed that you could serve the summons. Then we talked to you, and you said, "Well, let's be sure; let's get the United States attorney's opinion." So Mortenson and I went up to the United States attorney's office, Bob McMillan, and then we finally agreed that I was right as to the wording of the summons and Mr. Rogers was wrong. He said, "O. K., well, serve the summons." Then I went down and served the summons.

Mr. REID. That's right. In the meantime the fellow had gone to the hospital. He was seriously ill. As a matter of fact——

Mr. BURKETT. That's right. That day.

Mr. REID. And then the attorney came into the scene.

Mr. BURKETT. Three attorneys came in and——

Mr. REID. And said, "You can't have the thing," and our legal counsel wouldn't proceed any further with us on it. It was a moot question as to whether we would be getting something of value or no value, and we wanted to be sure in doing it that we were proceeding on grounds that would stand.

Mr. ROGERS. I still think those documents would have been no good in court if you had summonsed them. They belonged to an individual.

Mr. ROBINSON. What is the statute?

The CHAIRMAN. Well, you wouldn't expect him to agree to your getting evidence from him.

Mr. ROGERS. That's right.

Mr. HALLEY. Just a moment here. The stenographer can only take one person's questions at a time.

Mr. ROBINSON. I am sorry.

Mr. ROGERS. They were in the hands of his employee, sir, which would be the——

The CHAIRMAN. Well, of course, that is because you are making a net worth increase case. The information you get from the books is what you need in order to get out and work up a case; isn't that correct?

Mr. ROGERS. That is what we tried to do, without forcing the man's hand. We always try to get the books or get some documents, whatever we can get, from the individual.

The CHAIRMAN. How long ago has that been?

Mr. ROGERS. Mr. Burkett had the case around 30 months.

Mr. BURKETT. After the death, on March 20, there was no revenue agent, or anybody, anyone, assigned except a man who was bogged down with a 2- or 3-year case. The death was on March 28, 1949.

Mr. ROGERS. That was a matter that didn't need a revenue agent; it needed an investigator, if he could have done the work.

The CHAIRMAN. What was that matter you were talking about?

Mr. ROBINSON. I was asking Mr. Reid what the current status of the William Davina case was, the chief of police at Benicia.

Mr. REID. I have no recollection of that name.

Mr. DAVIES. Mr. Reid is retired. I think I should answer that. I never heard of it until this morning. I don't know what the status of it is. I believe it has been reported. Does anyone know here?

Mr. LAWRY. I know it was being handled by our Sacramento office. Whether the report has been turned in or not, I don't know.

Mr. DAVIES. Oh, it hasn't been abandoned or killed, or anything of that sort, as far as I know, but I haven't looked up. I never heard of it until this morning.

Mr. ROBINSON. Is the supervision of the Al Guasti case being handled out of this office?

Mr. DAVIES. I am familiar with it; it was done by a gentleman who was in my squad in Los Angeles before I came in here—Al Guasti was the chief investigator for Biscailuz down in Los Angeles. He was reputed to have taken graft. We had an investigation by special agent, Dan Breslan. Breslan worked on the case and we explored every avenue we could, and we got only this \$2,500 of which we don't have a proof of the source. Just before the election Biscailuz was running for office in—I told Mr. Breslan, "Stop that case until after the election." We always do that. If there is any politics in the thing, we don't want to be investigating anybody during a political campaign. I did it myself; I had no ulterior motive or any reason for it. I don't think the Al Guasti case is going to be any good because we have done everything we can think of, and we only have \$2,500. However, it is not closed and Mr. Breslan has yet to write a report on it. If you gentlemen have any other cases, I think I know about them.

The CHAIRMAN. Well, I will tell you. I want to ask about this fellow Malloy down here, who was shaking down some gal for money.

Mr. DAVIES. A house-of-prostitution madam?

The CHAIRMAN. Yes.

Mr. DAVIES. I know nothing about that except from having read the report recently, and that shows that the woman alleged that Malloy put the shake on her for \$500 to paint his house, I believe, and asked her for some money afterward. He said he borrowed it and that he subsequently repaid it. I think he was probably dishonest, but I didn't make the investigation.

The CHAIRMAN. Who made the investigation?

Mr. DAVIES. I don't think the investigator is here.

Mr. SMYTHE. One of Mr. Reid's men made the investigation. I don't remember who, do you?

Mr. DAVIES. I am trying to think. I read it just the other day. I think Holden Sanford made it, didn't he?

Mr. LAWRY. I think that was Holden.

Mr. DAVIES. He was working in Fresno. I never heard of it until just the other day, and I pulled the files out and looked at it.

The CHAIRMAN. That looks pretty rough, doesn't it?

Mr. DAVIES. I think so; yes, sir.

The CHAIRMAN. He sent out an official envelope, told her to please remit.

Mr. DAVIES. He absolutely lied about that, because his testimony was that he didn't send it, and yet it was in the record, and there is no question about it.

The CHAIRMAN. Then how about these Samish matters? Didn't Mr. Burkett make some recommendation about getting the amount of money this beer association paid, and checking that back?



Mr. DAVIES. I never heard of it, Senator, myself.

The CHAIRMAN. What was that, Mr. Burkett? Who did you make that suggestion to? Well, the point is this, that in Mr. Samish's income tax he shows a substantial sum from the beer association. He receives a tremendous amount of money from them, which he is supposed to be using for—

Mr. DAVIES. Lobbying purposes.

The CHAIRMAN. Well, no, for purposes that are not taxable; that is, for improving public relations or something of that sort. But, to show the amount of money, then what he did with it, and then if he is really using it for lobbying purposes—if he were, it would be taxable, wouldn't it? Didn't you make some recommendation about checking in on that, Mr. Burkett?

Mr. BURKETT. Yes; Mr. Murphy conducted the investigation of Mr. Samish, and Mr. Murphy had made some loud comments to the fact that it was all hoodlum talk or newspaper talk, and I wondered, because he was a new man in our office, what work he had done. I asked him, and he said the Samish case. So I went down, as an example, and got the Samish case and looked at what he had done, and then showed it to my superior and discussed the aspects of Mr. Samish's case and pointed out that this income comes from the Brewers' Institute as well as the other fees, and that one approach would be to go in on the Brewers' Institute.

The CHAIRMAN. Well, was that Mr. Rogers that you made that recommendation to?

Mr. ROGERS. Well, if I am the superior, his statements are quite a surprise to me. I heard him criticize Mr. Murphy as being a very sloppy investigator, and so forth, but the rest of his statements don't apply to anything he said to me, or any document that he showed to me. I have never seen the Samish report. I have never taken the trouble to read it. I heard him say that Mr. Murphy did a sloppy job as an investigator, and he would not make a very good reviewer. That was verbal. The rest of it I have never seen any documents on. That is, if that makes me the superior he refers to.

The CHAIRMAN. Was it Mr. Rogers you were referring to?

Mr. BURKETT. Yes, sir. I think I showed you the tax return. I think you photostated it, Mr. Rogers. I think my work sheets will show that, as well as the entire file of the Samish matter, was brought down. In fact, I made, or started to do a preliminary on Samish, with your knowledge, and I think you will find in my work sheets that you approved the listings of the preliminary cases that I do, and you will find, I think, that Samish is there. I admit that we had a number of cases working at the time, and I think priority was given to the abortion cases.

The CHAIRMAN. The abortion case was this Inez Burns case?

Mr. DAVIES. That case, Senator, is in the hands of the regional counsel's office with a recommendation for criminal prosecution, which is the ordinary process path of any tax investigation.

Mr. ROGERS. My latest information on that is that it has been sent to the Washington office of the chief counsel with a recommendation that it be sent to Justice for prosecution. It has left the San Francisco office of regional counsel.



The CHAIRMAN. Now there is some statement that Mr. Burkett wanted to get the names of the people to whom she had paid protection money or something of that sort. What was that about, Mr. Burkett?

Mr. BURKETT. Mr. Rogers asked me to come back and take an interrogation of Inez Burns at Tehachapi. I had been off the case several months. He said he was sending Guy Marshall with me and during the trip to Tehachapi Mr. Marshall stated that he wanted me to know that Mr. Rogers had told him to watch me, that I was to question her only on her income tax as to the books, which I did. And I got her to admit that the books were in her handwriting and to sign it. Marshall being a former stenographer, he did the typing on the statement. And then I said, "Now let me warn you that I am going to go—if you call it police work—I am going to go into the protection of what was paid by Inez Burns, and you can tell Mr. Rogers that I did so." He said, "Well, I am just tipping you off." I said, "Well, I am sorry, but I owe my loyalty to the oath I took, and part of that protection is taxable; those protection payments are taxable income. So I am going to go into it. But I promise you that I will do the first job first," which was the books. So we did that. And then Mr. Marshall stayed in the room, sat at the other side while I worked Mrs. Burns over on the protection subject.

The CHAIRMAN. Well, is there any rule about not getting—has there ever been any rule about not getting—information about protection pay-offs?

Mr. REID. Definitely not.

Mr. DAVIES. No.

Mr. ROGERS. No.

The CHAIRMAN. What do you remember about that, Mr. Rogers?

Mr. ROGERS. I remember very thoroughly. Now this gets into the point of administration of the office, and Mr. Burkett has grand tendency of diverting his mind from the issues. Remember, I said he was 30 months on the Georgetti case. He is constantly looking for new fields, not confining himself to the issues that he is working on and closing them out. I am not saying that there is no graft among the policemen here in San Francisco, but I have worked cases on the police here myself. But instead of confining himself, he was constantly getting on the record a lot of new cases that you can't work. You have got to finish up what you are on. He had a number of jacketed cases when he left our service. I was trying at all times to get him to close up some of the cases he was on rather than to make up new ones.

The CHAIRMAN. Did you give him instructions about not getting information about pay-offs?

Mr. ROGERS. I told him what we wanted that for was in connection with this case, not in the development of a new case, or new cases. He was to go down and get this information, and that was it.

The CHAIRMAN. Well, I mean, did you tell him not to get information about pay-offs to policemen?

Mr. ROGERS. Well, he was not to make that a separate issue. We wanted—I forget now what kind, what that particular thing was. He was to see her about something. Oh, he was to get a statement from her. Here is the thing. We worked very closely with the police department, and we had a little brown book which Mr. Ahern,

whom you people know, had seized from her, and it is the book upon which we set her tax, which was over \$1,300,000 taxable penalty. Now we wanted that identified. That was taken down and she put her name or her initials on it, and the words in her writing. We wanted that thing identified. Also, we wanted a statement as to the number of abortions that she had performed per day, if it was possible to get it, and the average price of the different years we had under consideration. But I didn't want him running afield, trying to start up another series of cases, when he hadn't completed the work he was on. I had considerable trouble in that respect.

Mr. BURKETT. Senator, may I introduce for the record the fact that the Treasury Department reported in northern California, 12 cases, and the record will bear out that I did 3 of those, which is 25 percent of the work, and that I am just one man and that there are, I think, 50 or nearly 50, other agents in the northern part of California. So if I did go afield, sir, I believe the record will bear out that production was 25 percent of the office, my production was.

Mr. ROGERS. We would have to see our records, but I don't think the statement will be borne out by the records of the office.

The CHAIRMAN. Well, we will have the office records here. Just a moment.

(Conversation off the record.)

The CHAIRMAN. Well, I guess that finishes up, gentlemen. Seems like to me what we ought to do is to get some extra people out here to expedite these things.

Mr. DAVIES. I don't really think it is necessary, Senator. I hate to be put on the defensive on this thing; I came here in October; I have had many things to look into.

The CHAIRMAN. Well, the trouble, Mr. Davies, which may not seem so important to you, in the light of the comparative importance of some of the cases you have out here, but I mean I am really somewhat astonished. You say you have a lot of cases more important than this copper-mining thing. I should think that to you would be the most important thing you could think of.

Mr. DAVIES. I can see what you think of the matter, and, of course, I don't want to debate it with you.

The CHAIRMAN. Well, of course, we don't want to debate it. But there is no great point of money involved, but it seems to me there is a great importance in the case from the viewpoint of confidence in the Government, to bring the thing to a conclusion. I know a young chap down with the Internal Revenue Department with whom I was in school in Tennessee.

Mr. DAVIES. I know Mack Gilbert very well, sir.

The CHAIRMAN. And I met some of the other chaps down there, and they feel like they are just sort of living under a cloud. They don't know whether they are coming or going, what is going to happen to them. It is pretty difficult for them. Some clarification is very necessary, I think.

Mr. REID. I have always felt that one of our primary duties is to see to it, as far as lies in our ability, that the Bureau of Internal Revenue's employees are honest, sound, ethical people.

The CHAIRMAN. If it ever gets so it is not that way, it is going to be bad.

Mr. REID. Whenever matters have come to our attention, speaking for myself, we have tried to pursue it vigorously, because of the bad reaction that failure to do so would have.

The CHAIRMAN. What do you think about it?

Mr. REID. I think these cases should be cleared up until there is no doubt about them one way or the other. That is what we have always tried to do. I think that somebody should do so.

The CHAIRMAN. Well, I mean do you agree with Mr. Davies, to just let the matter ride, or do you think we ought to get some assistance?

Mr. REID. I think perhaps you are disturbed at Mr. Davies.

The CHAIRMAN. I didn't mean to imply that. I asked him if he felt it would be of any assistance to get some help.

Mr. REID. I would say, clean it up if you have got to have 40 men on it.

Mr. DAVIES. Senator, you have misunderstood me. I said I don't think it will be necessary for assistance, because it has been so forcibly brought to my attention that there is nothing I could do, even if I wanted, except to drop everything and push it. In other words, I don't see what assistance I could use. We have a lot of men in the division. I will have competent ones abandon whatever they are doing and concentrate on this. That is all I meant by saying I didn't need assistance. I didn't mean to leave the impression that I didn't want to do this.

The CHAIRMAN. I am glad you cleared it up. I thought when you said you didn't need assistance that you were just going to let the thing take its turn.

Mr. DAVIES. No; I had no such idea at any time, Senator. This has been a very severe shock and trial to me. I came to this job, and I have been in hot water ever since I arrived. I don't think anybody, even Mr. Burkett, will allege that it was because of anything that I was trying to conceal or that I was trying to protect anybody.

The CHAIRMAN. Well, we are going to recess now. Thank you very much. This will conclude our meetings in California.

(Whereupon, the hearing was adjourned, subject to the call of the Chair.)





# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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WEDNESDAY, DECEMBER 13, 1950

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Washington, D. C.*

## EXECUTIVE SESSION

The committee met, pursuant to call of the chairman, at 4 p. m., in room 457 Senate Office Building, Senator Lester C. Hunt presiding.

Present: Senators Hunt and Tobey.

Also present: Rudolph Halley, chief counsel and Harold G. Robinson, chief investigator.

Senator HUNT. The committee will come to order, please.

Mr. Georgetti, please take the witness stand. Do you solemnly swear the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GEORGETTI. Yes.

Mr. ROBINSON. May the record show Mr. Georgetti is represented here by counsel. Give your name.

Mr. MEACHAM. Eugene Meacham, 824 Connecticut Avenue, Washington, D. C.

## TESTIMONY OF EMILIO GEORGETTI, SUMMIT HILL, CALIF., ACCOMPANIED BY EUGENE MEACHAM, ATTORNEY, WASHINGTON, D. C.

Mr. ROBINSON. Mr. Georgetti, will you state your full name and address for the record?

Mr. GEORGETTI. Emilio Georgetti, 115 Castilian Way, Summit Hill, Calif.

Mr. MEACHAM. May I say that Mr. Georgetti is here by virtue of a subpoena which he has been advised is invalid. However, he made a trip across the continent in response to the request. The subpoena is not signed, and I would like to ask the chairman if he would be willing to sign the subpoena at this time.

Mr. HALLEY. As I advised counsel before the hearing, the subpoena is entirely valid. The point has been raised by counsel who have appeared before this committee before.

The proper way to serve a subpoena of any Federal agency, including the Federal courts, is to serve upon the witness an unsigned copy. The committee has in its files the signed copy of the subpoena. The

witness is not entitled to the original signature of the chairman and, therefore, I would advise the chairman not to sign the subpoena. It is perfectly proper.

Mr. MEACHAM. You were kind enough to tell me that outside and I wanted to make the request for the record.

Mr. ROBINSON. Mr. Georgetti, were you subpoenaed to appear in connection with the hearings held by the committee in Las Vegas?

Mr. GEORGETTI. I was, that is right.

Mr. ROBINSON. And not being able to reach you at that time, I had an understanding that you would appear in San Francisco.

Mr. GEORGETTI. You asked me; yes. Aliota told me Friday or Saturday, right, sir.

Mr. ROBINSON. Were you unable to be there?

Mr. GEORGETTI. Then Monday or Tuesday I couldn't make it, and I called out to Aliota and he said, "If you can't make it, probably go back to Washington," see.

Mr. ROBINSON. The subpoena you have here now is a new subpoena served upon you?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. Will you produce the records as outlined in that subpoena?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. As I understand from your counsel they are on their way here.

Mr. GEORGETTI. That is right.

Mr. ROBINSON. By air express.

Mr. GEORGETTI. That is right. Part I brought myself.

Mr. MEACHAM. I informed you they were on their way and shipped from San Francisco by air express last Friday. This morning I telephoned to San Francisco after I made an effort to ascertain why the records had not arrived and the air-express people said they would have to have the receipt number, the date and the hour of shipment by air express. So I phoned Mr. Aliota's office, and he was there with the grand jury and couldn't be reached. His secretary there phoned to you—who was it?

Mr. GEORGETTI. Andrew, the auditor.

Mr. MEACHAM. The witness' auditor, and he telephoned back that through some misunderstanding the shipments were not sent by air express, they were sent by—what?

Mr. GEORGETTI. L. c. l. freight and be in here next Friday, and I am worried about it.

Mr. MEACHAM. They have been shipped and they are on their way. Mr. Georgetti brought with him from Las Vegas about 40 pounds of records that are in my office and available for the committee here in Washington.

Mr. GEORGETTI. I wanted to ship Sunday by air express, and they told me they wouldn't guarantee they would get here until last night, so I carry with me these others from Las Vegas. They are at his office. The others I expected to find here last night. If they were shipped as they were instructed to ship, they should have been here Monday. If they were shipped by air express they should have been here at least Monday morning.

Mr. ROBINSON. In any event, those records will be made available for the committee?

Mr. GEORGETTI. Naturally. He has got part of my records in his office now. Las Vegas records are in his office. The San Francisco records I instructed my auditor to ship on out here. He said he would ship them Friday, then they were not shipped—they were shipped Friday, but not shipped the way instructed, so they will not get here until maybe next Friday.

Mr. ROBINSON. Will you state your business at the present time, Mr. Georgetti?

Mr. GEORGETTI. My business—to begin I can tell you my life history.

Mr. ROBINSON. Let's take it now and go back.

Mr. GEORGETTI. Now I am engaged in a club, the Westerner Club in Las Vegas, a packing plant in Oakland, and Bonelli's Restaurant in San Francisco. I own a building at Thirteenth and Broadway in Oakland.

Mr. ROBINSON. Your associates in the Westerner Club in Las Vegas are who?

Mr. GEORGETTI. Miss Horden at the present time, the woman, the landlord, owns the building.

Mr. ROBINSON. Were you associated at any time in a venture in Las Vegas with Benny Binion?

Mr. GEORGETTI. That is right; I started with him.

Mr. ROBINSON. Was that in connection with the Westerner Club?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. Was he associated with you in the Las Vegas Club?

Mr. GEORGETTI. No.

Mr. ROBINSON. Mr. Chairman, at this time I would like to offer for the record communications addressed to the committee from the district attorney of Dallas, Tex., with respect to Mr. Binion.

Senator HUNT. The exhibit will be received and marked "Exhibit No. 31" in the record.

(The document referred to was marked "Exhibit No. 31," and is on file with the committee.)

Mr. ROBINSON. Do you know what Mr. Binion's business or occupation is?

Mr. GEORGETTI. Well, I tell you the truth, I never know Mr. Binion. I never hear of Mr. Binion, see. Now—

Senator TOBEY. Mr. Chairman, I cannot hear the witness.

Senator HUNT. I can't.

Mr. MEACHAM. He has had an operation, had a cancer operation on his throat.

Mr. GEORGETTI. When the Westerner Club was closed, what used to be the old Las Vegas Club, then moved across the street where it is now at the present time—while I was in Las Vegas, a friend of mine, Healy, was working for the Pioneer Club, and he called me and said I could get a chance of buying an interest in the Las Vegas Club, to get a job to run it at \$50 a day. So I went down and saw him, and I bought 10½ percent in the Las Vegas Club. I believe Healy had 3 percent. I was the assignee. He represented me. We was there for about a year.

So in the meantime I was ready to make a deal with Miss Horden to get where the Westerner is now, the empty place, and I tried and tried. She wanted too much money for the lease. Finally Benny

Binion got the lease on the place. I never heard of a Benny Binion, never knew him, see. Then somebody told me Benny Binion got the lease on the place, why don't you get together with him; he got a big game here, good for cash. He was there a couple of years before. I never known he was there, where the Westerner is now, which used to be the Las Vegas Club. "You can win a lot of money there. He is a good man to be with."

I waited about 2 or 3 weeks, and finally I couldn't swear who introduced me to Benny Binion at lunch. I was there for lunch, and somebody introduced me to Benny Binion.

Mr. ROBINSON. The point I want to emphasize——

Mr. GEORGETTI. You wondered if I knew Binion.

Mr. ROBINSON. Were you a partner with Binion?

Mr. GEORGETTI. Yes.

Mr. ROBINSON. The point I wanted to get in the record here was that Binion, according to the letter received from the district attorney of Dallas, Tex., is under indictment in Dallas County for the operation of a numbers or policy racket. (Reading:)

He is the principal partner in a policy game here which in the past did in excess of a million dollars a year. We have twice tried to extradite Binion from Nevada, but his extradition was denied by the Nevada courts.

Mr. GEORGETTI. Right.

Mr. ROBINSON (reading:)

We have reason to believe that he continues his interest in organized gambling in Texas under the protection accorded him by the Nevada courts against extradition.

That is your partner in the operation of the Westerner Club?

Mr. GEORGETTI. Yes; but, in other words, I want to clear myself, my own record. I am glad to be here to testify to this committee. All I did in my life, I did a little gambling. All I did in my whole life. I want to give my life history. I want to clear my record. See what I mean. I want to give you the full detail of the way I met Benny Binion. I didn't know Benny Binion. If I saw he was in the shape he was in, I would have kept away from him. So then we got in business. We was in business 1 month and 10 days together. So I went to San Francisco, was there about 2 weeks, and Benny Binion, I don't know where he went. I went down and tried to run the place the best I could, but everybody mad, nobody likes me, and word got around, "Well, when Benny Binion come around here he is going to throw the 'Big Dago' out on his head."

As a matter of fact, it was true. He come in one night after a couple of weeks, come in the office and say, "I want to talk to you."

I went in the office and he said, "Well, I take all."

I say, "What you mean?"

He said he was going to fire Healy and Jones, see, which was my two men on my interest.

Well, I said, "If you fire them, you might just as well fire me, too."

He said, "I will buy you out."

I said, "O. K.; what you give me?"

He said, "Give you what you put in. If any profit, I take; any loss I take it."

I said, "Benny, I spent a couple of months' time. You should give me more than that."



He said, "I won't give you a quarter more."

I said, "Can I buy it?" In this country it is free enough, you can buy or sell.

He said, "No; you can't buy me; I have the lease."

I said, "If Miss Horden agrees to turn the lease over to me, I buy you."

He said, "Yes."

I said, "Give me a couple of days' time."

He said, "Why not?"

In the meantime, I found Miss Horden. She is willing to turn this over to me, see. So I got on the phone and phoned the Bank of America and said give \$275,000 mortgage on my building, which I got in San Francisco in 1940 or 1941.

They put the money in the bank. My deal was set. I went to Mr. Binion. I said, "Benny, give me something. I want a few dollars. I don't want to get beat around like a dog."

He said, "I won't give you a penny."

I said, "I will buy you out."

So I went outside the office, went in the gambling room, the first dealer I found there, and I said, "Write me out a check." I can show you the photostatic copy. I deposited \$50,000, then I bought him out.

Mr. ROBINSON. When did you first go to Las Vegas?

Mr. GEORGETTI. I first went to Las Vegas 3 years ago.

Mr. ROBINSON. How many?

Mr. GEORGETTI. About 3 years ago. I was in Las Vegas in 1947. I think my wife and I, about 3 years ago, the first time, outside the restaurant we passed by and stopped 3 or 4 days. I think it was in 1947. It will be 3 years, I believe, next January.

Then I went down there again another time and Healy called me. He said he had a chance to buy a percentage in the Las Vegas Club.

Mr. ROBINSON. That was about around the first of this year?

Mr. GEORGETTI. No, no. I was there a year. It was in 1948. I tell you when I bought, I bought in April 1948.

Mr. ROBINSON. Prior to that did you operate gambling establishments in San Mateo County?

Mr. GEORGETTI. I did, yes.

Mr. ROBINSON. Did you operate the Willow Tree?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. The One-O-One Club?

Mr. GEORGETTI. The One-O-One was a card room with license, no gambling in there at all.

Mr. ROBINSON. McLaughlin Gardens?

Mr. GEORGETTI. No.

Mr. ROBINSON. Lahanda Amusement?

Mr. GEORGETTI. That is right. We closed that in 1945. My record will show that in 1945.

Mr. ROBINSON. Who were you associated with in the operation of the Willow Tree Club?

Mr. GEORGETTI. To begin with, my associate was Shorty Roberts, Bill Herbert, myself, and I give a bonus to Healy. He was running the place. Leo Healy.

Mr. ROBINSON. Did Sam Termene ultimately acquire an interest in the Willow Tree Club?

Mr. GEORGETTI. Sam Termene—Leo Healy was the boss, see, and he had to fire a dealer, and I don't know any dealer, so he hire Sam Termene as a dealer. Then Healy's wife lived in Long Beach and was afraid to be down there by herself. She phoned Leo she was scared, so come over. He says, "Well, Georgetti, I am sorry but I hate to leave you." I say I don't have anybody to put in his place, who do he recommend. He said you got a good man there in Sam Termene. So then I put him in Leo Healy's place.

Mr. ROBINSON. Did he have a 10-percent interest in the place?

Mr. GEORGETTI. That is right. Then he had 20 percent, so did I.

Mr. ROBINSON. Is he any relation to Charles Binaggio, of Kansas City?

Mr. GEORGETTI. I tell you the only thing I saw, to my surprise, which is true—I testify under oath. If I lie, then you give me. When I saw in the paper according to the crime commission they find out Sam Termene is—Binaggio was his godfather, that is the only thing I know.

Mr. ROBINSON. Did Binaggio ever visit you?

Mr. GEORGETTI. I never heard of him until the day I saw his picture in the paper when they kill him. I want you to understand I am glad to testify to the committee. I am sorry I have been in the gambling business all my life. I am glad of an opportunity to fight with you people because I want to clear myself. I was never connected with him, never associated with him. I associated with better people. The last couple of years the newspapers took after me and blasted me for no reason at all for what I do in San Mateo County. They informed the grand jury. They sent an investigator and he find out that I was active in San Mateo County. The newspapers been blasting me. So then to keep from that I went down to Las Vegas and bought this interest in the Las Vegas so they would forget and leave me alone.

Mr. ROBINSON. Where were you born?

Mr. GEORGETTI. I was born in Italy.

Mr. ROBINSON. What is your age?

Mr. GEORGETTI. I was born in 1896, come in here 1913.

Mr. ROBINSON. Are you a citizen?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. Naturalized when?

Mr. GEORGETTI. 1927, Redwood City.

Mr. ROBINSON. What is the limit of your education?

Mr. GEORGETTI. Very little.

Mr. ROBINSON. Do you read and write?

Mr. GEORGETTI. In the Italian, yes; but in English I can't write. I can read but I can't write.

Mr. MEACHAM. Do you mind if I ask the witness a question?

Mr. ROBINSON. No.

Mr. MEACHAM. Did you ever go to school in this country?

Mr. GEORGETTI. No, I never did. When I come in this country I was 17. I went to work in a steel mill. I worked to 21, then I went to work in a logging camp until 25, then I run a boarding house and hotel in Saul City, and engaged in business, importer and wholesaler in San Francisco. After repeal, 1933, December 5, I founded the Siwania Corp. and I sold it in 1940 because I got sick to my stomach from too much work and the doctor told me to get out of that place

for a couple of months. So when I come back I sold, and I went up to Idaho for a vacation and do nothing for about a year.

When I come back, I see nothing doing, so I go down to San Mateo County. There was slot machines and gambling and everywhere. I said, "Well I do nothing, I do a little bit myself." So I did. I did to my misfortune. I shouldn't have done it, but I did.

Senator TOBEY. The logging business was clean, was it not?

Mr. GEORGETTI. That is right.

Senator TOBEY. Don't you wish you had stayed in the logging business instead of turning to gambling?

Mr. GEORGETTI. I am awfully sorry. So I regret it, Senator.

Senator TOBEY. Why don't you get out and go back to logging or some honest business?

Mr. GEORGETTI. I am in honest business. I have packing plant. We enjoy \$6,000,000 a year of business. I got a restaurant. We do nice business.

Down there in Las Vegas, unfortunately, I got in with Binion, who looked down on me, but today I make this statement: If I get clear now—I am in the soup. I had to borrow \$275,000 out of a building that I bought for \$20,000 years ago before I got in any gambling, and today it is worth a million. I was certainly fortunate that it went up on price. But I make this statement: If anybody wants to buy, I am willing to lose \$100,000. Out in Nevada gambling is called legitimate. I get out and stay out.

Senator TOBEY. This fellow McGrath gave you protection, didn't he?

Mr. GEORGETTI. Never.

Senator TOBEY. He was a crooked official, was he not?

Mr. GEORGETTI. No, sir.

Senator TOBEY. Wasn't he crooked?

Mr. GEORGETTI. Not as far as I am concerned.

Senator TOBEY. Was he an honest official?

Mr. GEORGETTI. As far as I am concerned as honest as any man.

Senator TOBEY. He favored you, did he not?

Mr. GEORGETTI. He didn't favor anybody.

Mr. ROBINSON. You were a long-standing friend of his, were you not?

Mr. GEORGETTI. I worked with the man in 1915, worked with him in the steel mills, and have been friends like a brother ever since. It happened I met my wife when 19 years old. My wife's father, uncle, three brothers—he used to call on me on legitimate business, and we would invite him for dinner. So there was nothing, he was just my friend.

Mr. ROBINSON. He was recently defeated?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. You had an occasion some time ago to sell him Hollywood Turf stock?

Mr. GEORGETTI. He sold me.

Mr. ROBINSON. He sold you?

Mr. GEORGETTI. That is right; 1947, Jim McGrath, he says to me, "Gam, I used to come to your house for dinner occasionally." My nickname is "Gam."

He said, "Gam, I need some money. I am short of cash. Do you know anybody who wants to buy some Hollywood stock?"



I say, "How many shares?"

He says, "Well, that it will give me a dividend, I believe—some stock dividends." He said he would like to sell eight shares.

I said, "How much they worth, Jim?"

He says, "Six hundred dollars."

"How much they pay here in dividends?"

"Fifty dollars a year."

I said, "I buy myself."

Then I went home and told my wife I bought it, because we go to the bank and the wife and the kid like the Turf Club, a beautiful club, movie actors, and so on. Everytime we want to go up to the club, see what I mean, I had to borrow tickets from somebody, and Jim McGrath told me, "If you buy this stock here and you request a pass for the Turf Club for your family, they will give it to you." I bought it for that, for the wife and kid.

Mr. ROBINSON. Mr. McGrath was recently defeated for reelection; was he not?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. I would like at this time to read into the record an item appearing in the San Francisco News, December 8, 1950.

The sheriff-elect disclosed that in the course of his successful election contest to end the 26-year-old administration of Sheriff James J. McGrath, he had been offered and rejected the sum of \$35,000 in a campaign contribution from gambling sources. Also he added he was invited by an intermediary to meet Emilio Gambo Georgetti, long-time San Mateo County gambling overlord. The purpose of the meeting was vague and indefinite, Mr. Whitmore said, but the intermediaries suggested the conference would have to be held in San Mateo County. The sheriff-elect said he had declined the invitation.

Would you care to comment on that in any way?

Mr. GEORGETTI. All I can say is it is an absolutely vicious lie. I was not interested in the election. It happened at the primary election, the first, the wife and I voted. At the general election I was down to Las Vegas, and you can check by your records I didn't even vote. So you see how much I was interested in the San Mateo election.

Mr. ROBINSON. You got to the point where you operated some 200 machines?

Mr. GEORGETTI. No, my record, when it gets here, will show my place.

(At this point, Senators Hunt and Tobey were called away on Senate business.)

Mr. ROBINSON. Will you note that the testimony is proceeding in the absence of the chairman. We might as well get the statement. If Mr. Georgetti does not want to answer any questions now, then we will have to adjourn until the chairman is able to return.

Mr. Georgetti, in the interest of seeing if we cannot finish up, we will go ahead rather than wait for the chairman to come back.

Mr. HALLEY. Mr. Robinson will proceed with the questioning. (Mr. Halley left the hearing.)

Mr. ROBINSON. Your first activity in San Mateo County was in connection with operating slot machines; is that correct?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. How many machines did you operate at the most at any time?



Mr. GEORGETTI. I tell you, I don't want to be quoted on this, you understand, because I never cut it myself, I never distributed them myself. I asked somebody doing it. I had this Rudy Trenton doing it.

Mr. ROBINSON. Rudy——?

Mr. GEORGETTI. I don't know how to spell his name. Trenton is close enough, and I know when I sold the machine out to Al Gianotti.

Mr. ROBINSON. That is the J. & A. Sales Co.?

Mr. GEORGETTI. That's right. I didn't operate the machine. I quit operating the machine, I believe my record will show, in June 1945. Then was down for 3 years. I was sick. Nobody did nothing on account of the grand jury. I was sick 2½ years. Since 1945 I wasn't active in any business because of my throat. I couldn't talk, and then when the doctor took the tube out of my throat, he tell me to take a trip. In 1948 I spent 6 months in Europe.

Mr. ROBINSON. Did you retain any interest in the J. & A. Sales Co.?

Mr. GEORGETTI. Never.

Mr. ROBINSON. Did Al Gianotti operate those machines under your direction?

Mr. GEORGETTI. No, never.

Mr. ROBINSON. In other words, Gianotti was not a front for you?

Mr. GEORGETTI. No, absolutely not.

Mr. ROBINSON. He bought them outright?

Mr. GEORGETTI. That's it.

Mr. ROBINSON. And operated them for his own account?

Mr. GEORGETTI. That's it.

Mr. ROBINSON. How long did you operate gambling casinos in San Mateo? When did you start?

Mr. GEORGETTI. We started in San Mateo County the last part of 1941, I believe, to the best of my knowledge. Even the best person mentally—you know, I give you the best I can.

Mr. ROBINSON. Were slot machines or gambling casinos legal or illegal in San Mateo County?

Mr. GEORGETTI. It was illegal.

Mr. ROBINSON. Can you offer an explanation as to why you were able to operate?

Mr. GEORGETTI. The explanation is simple. Everybody—there was a Chinaman running, there was slot-machine running, Chinese gambling.

Mr. MEACHAM. Or lottery.

Mr. GEORGETTI. Lottery.

Mr. ROBINSON. Chinese lotteries?

Mr. GEORGETTI. I never was in the Chinese place. I don't know what they play, so there was machines gambling, you see, so, well, the kid come over to me, and he says, "Here we got a chance to buy"—they used to call it Bigio's Park.

Mr. MEACHAM. What kind of a place is that?

Mr. GEORGETTI. Where the Willow Tree is now, it was a bar. I mean it was. It's still there, but no playing there for years. So I bought the place, and the kids are going to run it. In the meantime the kid got drafted in the Army.

Mr. ROBINSON. If you can confine yourself to just answering the questions I ask you, because a lot of it is extraneous, don't you think?

Mr. MEACHAM. He said this Bigio got drafted in the Army; is that it?

Mr. GEORGETTI. No, Bigio was the name of the place. He was the owner that built it, and the name of the place, Bigio. He named it after himself. Then when I took it, I changed the name from Bigio to the Willow Tree.

Mr. ROBINSON. The fact remains you did not have much trouble from law-enforcement officers down there, did you?

Mr. GEORGETTI. Well, they got pinched there once, not me, but the place got pinched, and we did it continuously, I think, from the part of 1941 to 1945, we ran approximately half the time, and from 1945 to now, only been open 30 days, the Willow Tree itself.

Mr. ROBINSON. Did you ever have any other business affiliations with Sheriff McGrath, other than the sale of horse race stock?

Mr. GEORGETTI. Not to my knowledge, no.

Mr. ROBINSON. Did you ever own any restaurants with him?

Mr. GEORGETTI. No.

Mr. ROBINSON. Have you ever had any business ventures in which he was interested?

Mr. GEORGETTI. No.

Mr. ROBINSON. Do you know a James Mulligan?

Mr. GEORGETTI. I do.

Mr. ROBINSON. Was he ever a guest at your house?

Mr. GEORGETTI. He was, yes.

Mr. ROBINSON. What was his business?

Mr. GEORGETTI. I find out later what business it was, but I know the man, I met the man when I was in liquor business in Los Angeles, I used to sell to Ambassador Hotel, I used to sell to Biltmore Hotel, and he like to drink, I like to drink, and I meet him, and every time I go down to Los Angeles he told me he is on the police force, what capacity on the police force I don't know. So then he used to call me from time to time.

Then, when I was sick he used to call me if I was feeling right, how I was getting along, so he was in, he called me several times, and I called him several times, see if he was on a fishing expedition or not. I don't know, but he never approached me on anything. I saw after in the papers what he was doing.

Mr. ROBINSON. He was convicted for it.

Mr. GEORGETTI. That's right. To tell you the truth, he never really asked me nothing. He was fishing, I guess, a fishing expedition, but he never pinched me for nothing.

Mr. ROBINSON. Did he ever say anything that indicated he was on a fishing expedition?

Mr. GEORGETTI. Well, no, he never, for reasons why he didn't, why, I don't know.

Mr. ROBINSON. He thought you knew that you would need State protection.

Mr. GEORGETTI. That's right, but he never approached me.

Mr. ROBINSON. Did he ever in any way indicate that he could get State protection for you?

Mr. GEORGETTI. No; he never did.

Mr. ROBINSON. But he was a guest in your home?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. Did you ever pay him any money?

Mr. GEORGETTI. No, sir.

Mr. ROBINSON. Now you are familiar with the California Crime Commission report?

Mr. GEORGETTI. No.

Mr. ROBINSON. I would like to read into the record at this time, and have your comment on it, a portion appearing on page 55 of the second progress report of the Special Crime Study Commission on Organized Crime:

Prior to the commencement of the Mendocino County trial, Fred Grange, one of the defendants who testified for the prosecution, informed the commission's investigators and District Attorney Busch that his codefendant, Mulligan, who has been referred to above as the partner of Wiley Caddel of the attorney general's office—

Did you ever meet Caddel?

Mr. GEORGETTI. No.

Mr. ROBINSON (continuing to read):

had told him, Grange, that he, Mulligan, was regularly collecting \$5,000 per month for protection from Bob Jang, a Chinese gambler, who owns a gambling house at Forest Hills, Placer County, and a similar amount per month from Emilio Georgetti, who operates the Geneva Club and other gambling establishments in San Mateo County. According to Grange, Mulligan told him further that the \$1,500, which was invested by Mulligan and Caddel in the Mendocino County slot machine enterprise, came from the \$5,000 payment received from Georgetti for the month of April 1948.

Mr. GEORGETTI. It's a lie.

Mr. ROBINSON (continuing):

A certain amount of corroboration for these statements appeared when records of Southwest Airways and of the telephone company were subpoenaed in preparation for the Mendocino County trial. The records of Southwest Airways show that on April 4 and 5, 1948, Mulligan was using Georgetti's home as his address.

Mr. GEORGETTI. That's right. I told you he was there.

Mr. ROBINSON (continuing):

On the latter date he went to Ukiah in connection with the slot-machine matter.

The next paragraph starts off:

The telephone records subpoenaed show that Mulligan was in frequent telephone contact with known gamblers and gambling houses in many parts of the State—

Then we skip along here.

Mr. GEORGETTI. I saw that in the paper.

Mr. ROBINSON (continuing):

\* \* \* 36 telephone communications between Mulligan and Emilio Georgetti of San Mateo County—

Mr. GEORGETTI. That's right.

Mr. ROBINSON (continuing):

\* \* \* and four additional calls by Mulligan to a telephone number especially reserved by Georgetti for bookmaking—

Mr. GEORGETTI. What? Even that?

Mr. ROBINSON. You didn't have a special telephone number for bookmaking?

Mr. GEORGETTI. No.

Mr. ROBINSON. I can get the number for you.

Mr. GEORGETTI. No. I got the phone in the house, no special bookmaking.

Mr. ROBINSON (continuing) :

\* \* \* and three telephone communications between Mulligan and Al Gianotti, the San Mateo County slot-machine operator.

That is the man you sold your slot machines to?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. But you say at no time did you ever exchange any funds with Mulligan of any nature whatsoever?

Mr. GEORGETTI. No.

Mr. ROBINSON. Do you know a Chauncey Chu?

Mr. GEORGETTI. No, I know Chauncey Chu? No, I don't.

Mr. ROBINSON. Of Stockton, a Chinese gambler?

Mr. GEORGETTI. No. Wait a minute; I take it back, I take it back. When I was down at—that's right, when I rented 101 Club, the Chinaman, he run the game upstairs. I don't remember if it's Chauncey Chu. I don't want to perjure myself. If I say I don't know, I don't know.

Mr. ROBINSON. The 101 Club was owned by the people that operate the gasoline station there?

Mr. GEORGETTI. That's right, and I bought the card room that had a license, and I think they run for a while, Chinese something, Chinese lottery, or whatever it was. It could be the Chauncey Chu, then.

Mr. ROBINSON. Did you approach Chauncey Chu to have him come down from Stockton in order to have a Chinese gambling establishment in there?

Mr. GEORGETTI. I never approach him myself, no.

Mr. ROBINSON. If he told me that, that would not be correct?

Mr. GEORGETTI. If he told you I approached him myself, that wouldn't be correct. Covarubias approach him, not me.

Mr. ROBINSON. But you did not encourage Chauncey Chu to come down from Stockton?

Mr. GEORGETTI. I don't know the man; how can I call him?

Mr. ROBINSON. Did he ever complain to you when he finally got arrested?

Mr. GEORGETTI. Never complained to me, no.

Mr. ROBINSON. Never called you on the telephone to complain about it?

Mr. GEORGETTI. No; not that I know; not that I remember. I mean, the best of my knowledge, I don't think he did.

Mr. ROBINSON. Do you know Chim Bok Hing?

Mr. GEORGETTI. No. I heard about him. I don't know him personally.

Mr. ROBINSON. Never met him?

Mr. GEORGETTI. I couldn't say if I did or I didn't. I couldn't say if I did or didn't.

Mr. ROBINSON. Did you ever have any transactions with him?

Mr. GEORGETTI. Not with Chim Bok Hing, no.

Mr. ROBINSON. Did you ever have any connection with the Cabbage Patch?

Mr. GEORGETTI. No, sir.

Mr. ROBINSON. Nor any of the other gambling joints?

Mr. GEORGETTI. No. Chinese joint, you mean?



Mr. ROBINSON. Yes.

Mr. GEORGETTI. No; I had a connection with a gambling joint in the Willow Tree, yes.

Mr. ROBINSON. But I mean a gambling joint that is known as a Chinese gambling—

Mr. GEORGETTI. No.

Mr. ROBINSON. Such as the Cabbage Patch?

Mr. GEORGETTI. No, sir.

Mr. ROBINSON. You mentioned some property you owned in Oakland. Is that occupied by the Holly Meat Co.?

Mr. GEORGETTI. The Holly Meat Co. is a corporation, and I own a third interest in the stock, three parties, and the other piece of property is mine and my wife, in Thirteenth and Broadway. The Foster Cafeteria is next to the Bank of America. It is a building.

Mr. ROBINSON. You have a one-third interest in the Holly Meat Co.?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. Who are your other associates in that?

Mr. GEORGETTI. Louie Figoni and Charlie Figoni.

Mr. ROBINSON. Were the records of the Holly Meat Co. ever subpoenaed by the Internal Revenue Department?

Mr. GEORGETTI. I guess they were there and looked them over several times. If it was subpoenaed or not, I don't know.

Mr. ROBINSON. Were your records ever examined?

Mr. GEORGETTI. That's right, examined right now, under examination now.

Mr. ROBINSON. They are still being examined?

Mr. GEORGETTI. They are still being examined.

Mr. ROBINSON. Was there a question raised by the Internal Revenue Department about \$700,000 worth of cashier's checks?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. Is there anything you would like to comment about it?

Mr. GEORGETTI. I will comment about that. It's a lot of baloney.

Mr. MEACHAM. Seven hundred; is that right?

Mr. GEORGETTI. That's what they said. I never made one check. I never made one myself. See, at the Willow Tree, Sam Termini, he was the one that run, the boss of the place. I never was there. At the Ranchohondo I spent a lot of time, and if I was there I never stayed there to check on it. Just go through there; sometimes stay 3 or 4 hours, sometimes 2 hours, sometimes there twice a week, sometimes once a week, sometimes once a month. Another fellow by the name of Kramer was the cashier; very trustful. He was married to my wife's sister-in-law at the time.

Mr. ROBINSON. He held your power of attorney, did he?

Mr. GEORGETTI. That's it. He sign all the checks. He did everything. I never touch a dime, I never touch a quarter, so he had a bank-roll, and he kept the cash, and then every day he keep a daily book and keep a sheet which you can see the record which he gave in, game No. 1, game No. 2, game No. 3, and so and so, so on and so forth, the payroll, and then he would win and lose; if he win, if he lose, then he put it on the book.

Then he sign checks to pay for bills for meat, for grocery, water, whisky, everything, see? He had all the power. In other words, me,

I wasn't there at all, like I wasn't there. So now it seems funny to say that I don't know how many check he made. He run the place. I don't know. Like I am stupid, I don't know what I am doing, but that isn't true. The only time I know that Jack was making cashier check about 5 or 6 years ago, he was losing a lot of money. He had a safe. Only four people know what the safe was, Sam Termini, myself, Jack Kramer, and Bill Herbert, the other partner, so Jack says, "Go give me some money. Bring me \$10,000 in hundred-dollar bills." I go and get the money and I saw two cashier check, I think my best recollection was one for \$1,500 and one for \$3,500, so I said to Jack, "Jack, what do you make those cashier checks for?"

Well, he said, "When I go to the bank, because with personal customer's check, is more money, like \$10 bill, \$20 bill, \$5 bill, silver," and we used to do business with the Bank of America, Columbus branch.

They never carried big bill, so he goes in there and says, "Give me \$5,000 or \$6,000," what he had in small currency, and customer's checks, in hundred-dollar bills. Well, they said, "We only got \$2,000." He said, "Give me a check then for \$4,000 and I going to pick up tomorrow or the next day the hundred-dollar bills," and sometime he want it right now, the manager, that was Bonzanni and Joe Aratta, I used to phone at the branch to see if they had big money, and go down and get the big bill, but I never saw until I saw in the paper that he carried several thousand dollars, I thought he quit. This stuff what I tell you now, I didn't know till Jack Kramer told me.

Mr. MEACHAM. When did he tell you?

Mr. GEORGETTI. When it came out in the paper a couple years ago, Borkett—

Mr. ROBINSON. To replenish the bank roll in your Willow Tree Club; that is, the bank roll in the casino?

Mr. GEORGETTI. Yes.

Mr. ROBINSON. You would take the customers' checks to the bank?

Mr. GEORGETTI. That is right.

Mr. ROBINSON. You liked to get large bills back?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. If they did not have enough large bills—

Mr. GEORGETTI. That's right.

Mr. ROBINSON. They would give you what large bills they had, and a cashier's check for the difference?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. Which you could then cash for the large bills at such time as they had them?

Mr. GEORGETTI. That's right.

Mr. ROBINSON. I think that clears the testimony.

Mr. GEORGETTI. You've got it clear now?

Mr. ROBINSON. Yes. I just want the record to have it clear.

Did your partner invest in the Tahoe Biltmore; that is Termini?

Mr. GEORGETTI. What do you mean?

Mr. ROBINSON. Was he connected with the Tahoe Biltmore?

Mr. GEORGETTI. He told me he was, but I couldn't swear he was. He told me he was.

Mr. ROBINSON. That he had some money invested there?

Mr. GEORGETTI. That's what he told me.

Mr. ROBINSON. Did you have any?

Mr. GEORGETTI. Absolutely not.

Mr. ROBINSON. You do not know of your own knowledge that that was the hotel that the RFC loaned 75 percent of a \$488,000 loan to?

Mr. GEORGETTI. Well, I think the same hotel, because I was approached myself previous years for want to take it over, and I didn't like the deal, I didn't do it.

Mr. ROBINSON. Who approached you? Zoller?

Mr. GEORGETTI. No; this kid that's got the theater.

Mr. ROBINSON. Blumenfeld Bros?

Mr. GEORGETTI. That's it.

Mr. ROBINSON. But you did not invest there?

Mr. GEORGETTI. No.

Mr. ROBINSON. Do you know what the status of the Tahoe Biltmore is today?

Mr. GEORGETTI. No.

Mr. ROBINSON. It is closed and in receivership, is it not?

Mr. GEORGETTI. When I heard it's closed, but what kind of shape it's in, I don't know, because I couldn't make a statement that I don't know right. You don't want me to do that; right?

Mr. ROBINSON. Is Termini a wealthy man?

Mr. GEORGETTI. I don't know. It seems that he don't worry.

Mr. ROBINSON. Does he have any other businesses that you know of, other than the 10 percent of your Willow Tree Club?

Mr. GEORGETTI. Not that I know of, but he run for himself for over 2 years that I wasn't connected with him.

Mr. ROBINSON. I think for the record, the net income for 1944 for the Willow Tree Club was \$232,902.45, divided Georgetti, \$115,103.23; William Herbert, \$65,949.57; Sam Termini, \$25,795.74; and Chiono—

Mr. GEORGETTI. Chiono, he was in partners with Bill Herbert among himself.

Mr. ROBINSON. Well, Chiono split—

Mr. GEORGETTI. He split it with Herbert.

Mr. ROBINSON. Next year, it was. This year it is separate.

Mr. MEACHAM. What year is this?

Mr. ROBINSON. 1944.

Mr. GEORGETTI. The only thing I recognize the partner; it was Bill Herbert.

Mr. ROBINSON. \$26,133.44. The 1945 net income of the Willow Tree Club was \$143,317.28.

Mr. GEORGETTI. It only run 5½ months then.

Mr. ROBINSON. \$143,317.28, divided, Georgetti, \$71,658.64; Herbert and Chiono, \$57,326.92; and Sam Termini, \$14,331.72.

1946 net income of Willow Tree was \$8,453.40, divided, Georgetti, \$584.70; Sam Termini, \$7,868.70. That shows a rather moderate income for Mr. Termini, does it not?

Mr. GEORGETTI. You know Mr. Termini, like I told you before, Termini, he had the run of the old place. Then when I got sick in 1945 I wasn't active in any operation at all. Mr. Termini he run the whole show, see, and then couple of years ago I told Mr. Termini that I don't want any more, too much publicity I was getting, and I back away, so Mr. Termini went in for it himself. That why I'm glad to testify in



front of you people, to clear my record that I be accused by the San Francisco newspaper that I be the king in San Mateo County, gambling king today, which I've been out of there for 2 years or more. I made that statement; you know that. Tell me the truth.

Mr. MEACHAM. He is asking the questions.

Mr. ROBINSON. Did you from your own funds make any additional moneys available to Mr. Termini?

Mr. GEORGETTI. I loaned Mr. Termini \$40,000. He told me 1947 that he need to pay the contractor. I had \$20,000 in a bank. I had \$20,000 in my own checking account, Twenty-ninth and Mission, Bank of America, a branch. Then I borrowed \$20,000 from the bank. No; I sign a note. And I put it in my checking account for \$20,000. I give Mr. Termini \$40,000, a check, and in turn he give me note, see, so then Mr. Termini, he would seem that he was spending a lot of money, and everything, so I call him, I believe, about a year ago, and I says, "when you going to pay me?"

He says, "Well, come down to the bank tomorrow and I pay you." He pay me \$40,000 in cash. He pay me back \$40,000 in cash, so now we are even.

Mr. ROBINSON. Do you know how much he expended on that house that you helped him with?

Mr. GEORGETTI. I don't know. My house is worth \$12,500. I bought it in 1938, and I think his gate is worth more than all my house together. He spent more on the gate than I spent on my whole house. I was the boss, and he was working for me.

Mr. ROBINSON. I think it would be interesting to show he expended at least \$269,913 on his residence, and still owes an additional \$100,000. That is the man who was working for you?

Mr. GEORGETTI. That is right. You like to work for me, too?

Mr. ROBINSON. What was your net worth in 1944?

Mr. GEORGETTI. I don't know. I tell you I don't know what my net worth was.

Mr. ROBINSON. How much did you have when you came to San Mateo County?

Mr. GEORGETTI. I live all my life in San Mateo County.

Mr. ROBINSON. When you started the slot-machine business back in 1940?

Mr. GEORGETTI. My auditor told me—I go according to my auditor, you understand, because, like I told you, I didn't keep books. Bittner, he kept my books.

Mr. ROBINSON. Let the record show that Mr. Bittner is dead today.

Mr. GEORGETTI. That's it. Mr. Bittner, he kept my books. He was my auditor for 1944 to the day he died; I mean 1934 until he died, and he keep all my records. He make out all my income tax for me, and he make out a check and I sign it. I don't look one way or the other, see?

So he told me when I sold out the Silver Swan, "You know, boss," he say, "you a rich man." I say, "What do you mean?" "Well," he says, "you're worth over \$300,000," before I went in the gambling business, when I manager of the Swan, previous to that.

Mr. ROBINSON. That would be about what year?

Mr. GEORGETTI. He told me that in 1941.

Mr. ROBINSON. What do you figure you are worth today?



Mr. GEORGETTI. Today, I don't know my worth here. I wouldn't sell for that because I went up. I show you. I tell you I actually invest money, actually that I invest. What it's worth today, it's another story. Right?

Mr. ROBINSON. It is the addition of all the assets you bought.

Mr. GEORGETTI. The price went up, you see. I bought a building in Oakland, I pay \$280,000, see? Today they offer me a million. I bought my house, I pay \$12,500 in 1938 or 1939. I won't sell today for \$25,000; right? I put in \$33,500 in Holly Meat Co. Today I won't sell my interest for \$250,000; see?

I have a lot in San Francisco I bought in 1938. I pay \$12,500; see? Today they offer me \$30,000. I won't sell it.

Mr. ROBINSON. Where is that lot located?

Mr. GEORGETTI. In Bay Street. I bought 5 acre land in Mimbrae. I paid \$31,000 in 1944. They offer me \$100,000. I didn't sell, see?

Then, the best of my knowledge and belief, between stocks and bonds, I have around \$50,000 investment. That's all, outside what I have invested at Western Club.

Mr. ROBINSON. That is approximately how much?

Mr. GEORGETTI. About \$300,000, but I owe the bank \$275,000 on the building, see? I borrow the money from the bank to put in the Western.

Mr. ROBINSON. So that you have an equity in the Western Club of about \$250,000?

Mr. GEORGETTI. No, \$300,000.

Mr. ROBINSON. Equity. You put in three hundred?

Mr. MEACHAM. He borrowed on the building in Oakland \$275,000 in order to buy out Benny, that Texas fellow. I think it might be interesting if he would state for the record why he bought Benny out, why he went in with him, and why he bought it out.

Mr. GEORGETTI. I don't want to mention, because then it reflect in the record, then it reflect on me. Different type of person, different type he is, see, he see one way, I see the other, I mean. If I make a statement like that, and then it reflect on me. I don't want to knock anybody; see what I mean? Right? Just I thought it was better to be by myself than with anybody.

Mr. MEACHAM. Did you know what his record was when you went in partnership?

Mr. GEORGETTI. If I knew, I wouldn't be there; that's for sure.

Mr. ROBINSON. What is your investment in Panellais?

Mr. GEORGETTI. Twelve thousand five hundred.

Mr. ROBINSON. That still exists today?

Mr. GEORGETTI. Yes. Pretty sweet. I be making money every year, and I wouldn't sell my interest for \$50,000 now. For the building we pay \$25,000, I wouldn't sell for a hundred thousand.

Mr. ROBINSON. Do you remember the publicity which appeared in the paper concerning the threats that were made to internal revenue agents that were working on your tax returns?

Mr. GEORGETTI. It was a lie, absolutely out-and-out lie.

Mr. ROBINSON. The same would apply to the threats received by Mr. Godino?

Mr. GEORGETTI. Listen, it's all lies. I am under oath. If I wasn't, I swear to God I didn't know Mr. Godino's phone number. I didn't

know Mr. Godino's address, and I don't know Mr. Boketti's address, see, so it's made to reflect on me, I know, see what I mean, to make it off on me.

My misfortune, I'm within the gambling business. If I didn't I could have made a lot of money legitimately and be well liked and well thought of. If not this blast in the paper, I feel like dog in church. Everybody gives me a kick.

Mr. ROBINSON. Have you made any contributions to political campaigns out there, Mr. Georgetti?

Mr. GEORGETTI. I used to go out and work. See, in 1934, which I was in legitimate business, Jim McGrath, the sheriff, Marchbank—

Mr. ROBINSON. He was the owner of the Tanforan Race Track?

Mr. GEORGETTI. He was the political boss of the county. He used to run all the gambling, so he went against Jim McGrath, so Jim McGrath he wouldn't go and run because he says he's going to get beat, so I got home one night, and he was home for dinner. I didn't know. My wife, she invite him. I went in the front room, and he was talking to my wife. He had a couple of drinks, and he got quite a jag on because he had no money. I walk in and say, "Hello, Jim, hello." I saw his eyes were kind of red. I see my wife. I went in the kitchen. I say, "What's wrong with Jim?" He say Marchbank is against him. He, the man, is worth \$100,000,000, and he says he thinks he isn't going to file for sheriff, because he figure he going beat him.

I sit down and talk to him. I say, "Listen, Jim, tomorrow you go file." He show me his bank book. He says, "Look, I got \$118." I said, "Don't worry. We don't need too much money. Marchbank isn't well liked. We win."

I had two salesmen well liked in San Mateo County. I used to be doing business with 90 percent of the tavern. Sent the salesmen down there, instruct them all to work for Jim McGrath.

I went over see a lot of my friends, and between all of us we accumulate a little money, you know, give for the campaign, and we work like hell, and he win at the primaries. Five man run against him, we beat him all.

Then Jim and I, we got to be closer and closer friends together, but I didn't use it for any weapon at all, because he ask me, he says, "What can I do for you?" I says, "Nothing, Jim, because I didn't do anything." That was in 1934, and I still in liquor business for seven more years without doing anything; right?

Mr. ROBINSON. But you ultimately did replace Mr. Marchbank as the gambling boss of the county?

Mr. GEORGETTI. No; because Marchbank, him and Jim, they made up again. Marchbank, he run game to 1940. No, sir. For 1934, which election was 1934, until I started the Willow Tree, I didn't do anything. I got accused lot of stuff down there that wasn't so. This I want an opportunity to come in here and tell the truth so to clear my record up.

Mr. ROBINSON. You are definite in your assertion that you have never paid money for any kind of juice, whether it is on a county level or on a State level?

Mr. GEORGETTI. Never did.

Mr. ROBINSON. I think we can conclude the hearings here.  
(Discussion off the record.)

Mr. ROBINSON. Mr. Georgetti and counsel have indicated that the record as called for in the subpoena is en route, and that they will be examined here, and that any further questions that have not been covered in the examination today, I will take up with Mr. Georgetti upon my arrival in California shortly after the 1st of January, and either make arrangements through Mr. Georgetti, or through Mr. Alioto for such additional information as the committee might desire.

Mr. Georgetti, I said, will submit a memorandum to the committee indicating the travel expenses incurred by him in connection with appearing as a witness, and the travel expense will be reimbursed, and under the rulings of the Senate Disbursing Office, a flat \$3 per day witness fee is permitted in lieu of hotel and meals.

Mr. GEORGETTI. I was offered by the committee to put in my bill for my expense, but I was happy to be here and testify to this committee, which I will absorb the expense myself.

(Whereupon, at 5:20 p. m., the committee adjourned, subject to call of the chairman.)





# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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TUESDAY, FEBRUARY 27, 1951

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

The committee met, pursuant to call of the chairman, at 10 a. m., in the Federal Building, Los Angeles, Calif., Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Downey Rice, associate counsel; Harold G. Robinson, chief investigator; William G. Ruymann, special counsel; and Herbert Van Brunt, special representative to the committee.

The CHAIRMAN. The committee will please come to order.

Ladies and gentlemen, the Senate Committee To Investigate Organized Crime in Interstate Commerce is composed of myself, Senator Kefauver, as chairman; Senator O'Connor, of Maryland; Senator Hunt, of Wyoming; Senator Wiley, of Wisconsin; and Senator Tobey, of New Hampshire. We hope that during our 2-day open-hearing visit in Los Angeles Senator Tobey will be able to join the committee.

This hearing is being held pursuant to Senate Resolution 202, which was passed in the first session of the Eighty-first Congress. The resolution will be made a part of the record.

The hearing here is being held pursuant to a resolution of the committee authorizing the hearing to be held and the testimony of witnesses to be taken by a subcommittee of one to be appointed by the chairman of the committee. This resolution of the committee will also be made a part of the record.

The chairman designates himself as a committee of one to conduct this hearing in Los Angeles.

In the beginning I should like to express very deep thanks to United States Marshal Boyle and his assistants for the courtesies extended to us when we were here in November for the executive or closed sessions. I would also like to express our thanks for their help on this occasion and the arrangements that they have made and their assistance to the committee in serving subpoenas and rendering every possible aid.

I should also like to extend our thanks to Mr. Stilwell, the custodian of the building, for being so kind in assisting our committee. We are also indebted to other agencies of the Federal Government and to the attorney general and his staff, whom we have invited to sit with us. We are also indebted to the mayor of this beautiful city and the police

department and other Federal, State, and local officials who have assisted us and who have rendered every possible assistance.

We are also grateful to the television and radio stations, which as a public service feature will bring part of this hearing, at least, to the television audience and to the listeners of the radio stations.

Now, I might explain very briefly just what our purpose is. It has become quite apparent during the last few years that in the United States today and I think, perhaps, to a lesser extent now than it was a year ago or several months ago, there was operating and still is operating across State lines in interstate commerce groups of racketeers and persons operating in violation of either the Federal or the State laws.

In the first place, they were extracting tremendous sums of money from persons who could least afford to pay it, thereby creating a very distressing economic condition and a liability in the country. When these individuals took the tremendous sums of money they, through various forms of criminal activities, such as gambling, narcotics, prostitution and various other organized types of crime, they first had to use a large part of the money for the buying of protection or the corruption or the influencing of some few public officials, which creates a condition that strikes at the very democratic process itself.

Secondly, they also use the money they get to try to get into legitimate businesses; to gain respectability, and in these so-called legitimate businesses they carry on, still, with the same methods of intimidation, coercion, and unfair practices that they used during their racketeering days.

Many of us have concluded that, aside from our difficulties in foreign policy and with the war, one of the most pressing, the most pressing domestic problem, was to try in every way possible to have a coordinated effort, the Federal, State and local Governments, to blot and to put as many hurdles as we could in the way of organized criminal and racketeering activities.

This committee was established to try to get the Nation-wide picture of what was happening in the use of the vehicle of Interstate Commerce in furtherance of this type of thing, to try to bring together activities in one part of the country and relate them to something that happened in other parts of the country. We found in some parts of the United States that the influence and the power of criminal gangs had become so great that local authorities were almost helpless in the situation. Our purpose in the inquiry is to get facts upon which to base proper Federal legislation. We have no desire to encroach upon the prerogatives of States and local communities, but to see what Federal laws we can amend or pass that are properly within our jurisdiction and we will make our final report to Congress before March 31.

It has been very encouraging throughout our inquiries to find that the great majority of public officials, at all levels, and the great majority of the good citizens of every community have cooperated, have helped us and have joined in this effort. We have been heartened by the fact that crime commissions have commenced and that local people, through grand juries, and through other methods, have started doing something more about it, more about the problem themselves.

We are in Los Angeles because we were in executive session last November. At that time we thought we found facts that should require us to come back and have an open hearing, which is the gen-

eral way that we do business. First, we see what we have in an executive hearing and then we have an open hearing.

I notice, by one of the newspapers, that I was quoted as saying that Los Angeles was a den of vice and iniquity. I want to say that, in my opinion, Mayor Bowron and the police department and the California Crime Commission, the grand juries that have been operating here and in this section, have made tremendous headway in cleaning up the organized crime and racketeering situations in this section, so there is much less crime, in my opinion, in Los Angeles than there is in many American cities of one-half or one-third the population of this section of the country.

They have done very well, indeed, and I certainly did not mean to cast any aspersions upon them or upon the law-enforcement officials of this city. As a matter of fact, Los Angeles used to be much more of a center than it is now, with the Guarantee Finance Co., one of the biggest bookmaking and wire-service operations in this section, and also an outlet for Continental Press, which has been closed, and also the Guarantee Finance Co. has been closed.

Other things have been done which make, I think, Los Angeles one of the cleanest cities of the United States, but, necessarily, where there is a population of this size, I believe the third or fourth largest section in the United States, there are certain organized criminal activities and racketeers from other parts of the country infiltrating into this section and also people here who are operating in other parts of the United States, so we felt we should come back and have this hearing.

All the witnesses who have asked to be here, of course, I hope will stay in the hearing room, but at the noon recess, if any of them feel they cannot stay and want to come back or want to know when they should come back, if they will see some member of the staff we can try to work out a schedule.

I want to make it perfectly clear that we are not here to smear anyone or to protect anyone or to prosecute anyone. We are a fact-finding committee and we ask the cooperation of witnesses in giving us information.

This is not a grand jury or a criminal court; it is a committee in which we are trying to render some public service. The fact that witnesses may be subpoenaed or may not be subpoenaed or are asked to come here, should cast no reflection one way or the other upon them. The majority of the witnesses, who will be here, are perfectly good law-abiding citizens, whom we have called to give us information, advice, and facts and we have asked their cooperation.

The committee has always tried, in every way possible, to prevent throwing around names and hurting the character or reputation or the standing of good citizens by having their names used in the public hearings, but inevitably some names may come out, in spite of anything we can do, so I want to invite anyone whose name may be mentioned in this hearing, who feels that it has not been fairly represented, to make any explanation and to come in and amplify, deny, explain or say anything they want to where their name has been used. I would like for them to advise us immediately so we can arrange the schedule that way.

I do not want to leave you with anyone's name having been used and have them say that they didn't have an opportunity of being heard.



On my left is Associate Counsel Downey Rice, who is one of our best men, with our committee, who comes from Washington, District of Columbia, and who will handle most of the questioning.

Now, when our committee first started, we looked all about the country for the best man that we could find to be the head of our investigative staff. We chose Mr. Harold Robinson and got him away from the California Crime Commission. He did a great job as the head of our investigative staff until recently, when the attorney general of California, took him away from us to be the deputy attorney general or, rather, to head the Crime Commission of the State of California, but he only went back with the understanding that he would help us finish our hearings in St. Louis, where he had directed the investigation and also in California.

We have him back on loan, in an *amicus curiae* position, and we are very grateful to Mr. Robinson for helping us bring our hearings to a conclusion out here and to the attorney general for his agreement to let us have his services during the time we came back out here, which was prearranged before he took the position.

Herbert Van Brunt, on my right, has been handling investigations in California very efficiently. He is a former FBI agent, and is one of the best investigators with whom I have been in touch.

Bill Ruymann, who now practices law in the State of Nevada, and who is a former internal revenue agent, and an expert and a splendid lawyer, has been assisting us in this section of the country.

Tomorrow afternoon, I may announce, that we have been advised by their attorneys that Moe Dalitz and Samuel Tucker, from Cleveland, Ohio, will be here to testify. When the committee sat at Cleveland, it was impossible to get service on these two men and many efforts were made to serve them.

Finally, a resolution for arrest of them and many other witnesses, until service could be made upon them, was passed by the United States Senate. They have indicated their willingness to appear tomorrow afternoon and they will be heard at that time.

I think I should also say that it is not our province to try to settle local matters, to investigate local crimes or local murders or purely local conditions. That is not our jurisdiction, in the first place, and manifestly it would be an impossible undertaking, so we try only to go into matters that have some connection with interstate commerce, that have some connection with Federal laws or situations where people from one section of the country cross State lines to come into another section of the country to do business. That is our jurisdiction and we do not want any of you to be disappointed in our failure to go into some purely local matters.

Our first witness, whom the chairman has known for quite a long time, and who has been very active in the American Municipal Association and also the Conference of Mayors, in an effort to assist law-enforcement officials and to get the Federal Government to look into several parts of the picture; also to assist and to work in closer cooperation with local law-enforcement agencies and who took an active part in the Attorney Generals Conference at Washington, in February of 1950, is your own mayor, Mayor Fletcher Bowron. We appreciate very much having the mayor here today for his advice and counsel and for a description of any matters that he can tell us about in this general area.



Mayor Bowron, will you come around here, please. Mr. Mayor, we have a general rule that every witness must be sworn. We even had to administer an oath to a minister the other day so if you don't mind will you raise your right hand and be sworn. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mayor Bowron. I do.

**TESTIMONY OF HON. FLETCHER BOWRON, MAYOR,  
LOS ANGELES, CALIF.**

The CHAIRMAN. We are delighted to have you as our first witness, Mayor, and we are grateful and thankful for your assistance during the life of this committee. Do you have a prepared statement that you want to read or will you just tell us about it?

Mr. Bowron. I do not have a prepared statement, Mr. Chairman. I have no idea just what may be helpful to the committee, or what you are immediately interested in. As you may know, I have had the happy privilege of working with Mr. H. G. Robinson and Mr. Van Brunt for some time.

I think that I have told them about everything that I know and a number of things that I suspect, but do not know as facts, in order to form the basis for your investigation.

I am here to answer questions. I would like to be helpful. I would like to express my appreciation for the work of this committee. I think that the general public awareness of the facts and circumstances surrounding organized crime in America and the fact that it is not entirely localized, but organized crime as such, can only be operative by going across state lines. It has meant the kind of public support and cooperation that will help law enforcement throughout the country.

I further would like to say that I am very much encouraged, more encouraged than I have been for, at least, 15 or more years, ever since, as a judge of the superior court of this county, when I empaneled a grand jury, which looked into some of the aspects of the criminal situation in this county, and during all of the time that I have served as mayor of this city, something more than 12 years now. We have never seen conditions better, not only within the city of Los Angeles but conditions surrounding the city have greatly improved.

I see on every hand cooperation that has never existed before and through the assistance of the State Attorney General who I feel sincerely is interested in the thing that I am sure that this committee is pointing up and pointing out, and with the cooperation of the other local law enforcement agencies in this area, I feel certain that the situation is much better and will continue to improve. I would be very happy to answer any questions.

The CHAIRMAN. Do you have any questions to ask the mayor, Mr. Rice?

Mr. Rice. Mr. Bowron, coming from out of town and into this area, we have heard an interesting story which you have prefaced in your remarks about the present situation here, that Los Angeles seems to be on the way to cleaning up a situation which prevailed before. There is the story of the recall movement which, as I understand it,

was based on a movement to open up the town again. Can you tell us anything about what you learned in your investigation of that, or what did you learn about the recall movement; what inspired it and what occurred then?

MR. BOWRON. As the executive officer of the city, I have no investigators and, naturally, I do loathe to use the police department for purposes of investigation that might be designated as political in character and I have not. Therefore, I have had to rely upon information that has been brought to me. Probably the investigators of this committee know as much as I do about it.

MR. RICE. We understood, in finding out about that, that it appears that some years ago there were a number of characters here who have departed for other States, and that there was, possibly, an attempt to open up the city again for gambling and other law violations.

MR. BOWRON. That is true and will continue to be true. Los Angeles, potentially, is the most lush field for the activities of those connected with organized crime, with particular reference to commercialized gambling and vice, it is probably more true than any city in America. We have considerable wealth here. We have a large population. We have free spenders here. We have people that like that sort of thing. It means constant and eternal vigilance to keep the city clean. We can't keep it entirely clean.

While Los Angeles has at the present time a minimum of activity with reference to the actual operations of commercialized crime, nevertheless, those engaged in commercialized crime do come here. We can't keep them out. We know that they are here. I believe that they are merely biding their time until some development may permit them to again take a foothold.

THE CHAIRMAN. You mean until the heat is off?

MR. BOWRON. Yes, and when they can work out some plan to worm themselves in again. I think your opening statement, Chairman Kefauver, has demonstrated a grasp of the entire situation here. We have noted that many of these people, that we strongly suspect, are either engaged or wanted to be engaged actively in some criminal enterprise and are posing as legitimate businessmen. Some have come here and have made investments. We hope that they have reformed, but I will not believe it until long experience has demonstrated that to be the fact. I think that we have people in this area that have made investments, who are ostensibly and probably engaged in legitimate businesses, who secretly are planning and plotting to do whatever they can when and if the opportunity presents itself.

MR. RICE. That is the point. Would you say that there was a time when the city was more open than it is now, that they had bridge or slots or other activities that they do not have now?

MR. BOWRON. It has always been more open than it is now. We have, comparatively recently, been able to terminate the bridge games by action of our police department, by demonstrating they were not games of skill but actually a gambling enterprise. Now, the difficulty with these bridge games is not merely that it is gambling. In the first place, they take money from the kind of people that can ill afford to lose it. Another important thing in connection with those games was that the real people behind it remained in the background and it was so difficult to determine from the name of the applicant who the real parties in interest were.

Mr. RICE. In that connection, as to those people who were identified as backers, either hidden or actual, did you find that they were tied up in any way with the recall movement? Did that you ever come to your attention?

Mr. BOWRON. It came to my attention, yes. Again I must say that the information comes to me second-hand from sources that I rely upon.

Mr. RICE. I understand that.

Mr. BOWRON. But I think that many of those who were identified with these activities that we have been discussing were connected directly or indirectly with the recall movement. I don't merely mean that they had to eliminate me, but they have to eliminate those people that I try to represent, those who want the laws enforced and who want to see a clean city.

Mr. RICE. Would you care to mention the names of any of those persons? Perhaps we would be interested in inquiring into some of their activities.

Mr. BOWRON. From such newspaper accounts that I have read, of your former session here in the city of Los Angeles, when I was not physically able to be present, I think you are on the right track.

Mr. RICE. All right, sir; I think we understand each other. I wonder, Mayor, as a result of your observations of the situation here and across the country, whether you have any recommendations you would like to make to the committee for remedial Federal legislation or any other observations that you would have to make that might help the situation?

Mr. BOWRON. I am going to leave with the committee, for whatever use you care to make of it, a report which I do not think has been made public, a report of the subcommittee on cooperation of the Attorney General's Conference on Organized Crime. I happen to be chairman of that subcommittee.

Mr. RICE. You are talking about the Attorney General of the United States, are you?

Mr. BOWRON. The Attorney General of the United States, yes. It is called, as you know, the Conference on Organized Crime, and the Senator was present at the opening session.

The CHAIRMAN. That will be made exhibit No. 32 and a part of the record, and if you want to discuss any part of it you may proceed, Mayor.

(Exhibit No. 32 appears on p. 664.)

Mr. BOWRON. I may say that on this committee we have several valuable members, including Donald S. Leonard, who is the Michigan State Police Commissioner and former president of the International Association of Chiefs of Police. He arranged to send out a questionnaire to law-enforcement officers who are members of that organization. This report contains some of the results of that questionnaire. It is interesting to note that the law-enforcement officers throughout the country list gambling, greed, and the desire for money, without effort expended, as, at least, fifth among the principal causes of crime in America.

Mr. RICE. That was gambling, was it?

Mr. BOWRON. Yes.

Mr. RICE. That was fifth, you say?



Mr. BOWRON. This is merely the result of the questionnaire. I am not indicating my own personal views.

Mr. RICE. I understand that.

Mr. BOWRON. Neglect of children by parents and so forth is listed as No. 1, and other allied matters to that. Listed as second on the list is inadequate penalties, delays in prosecution, and general apathy on the part of the citizens resulting in lack of sufficient police personnel. The third thing listed here is lack of employment and poverty. Fourth, the use of intoxicating liquors, and then, fifth, as I say, gambling, greed, and the desire for money without effort.

The questionnaire also indicates, in answer to the question asked: "Do you favor some means by which governmental agencies are of assistance?" The indication was overwhelming in urging such aid.

Mr. RICE. In other words, we take it that this survey of the local authorities indicates that they feel they need some outside help; that they are not able to cope with current problems by themselves?

Mr. BOWRON. That is correct, certain governmental agencies, including such help as could be given by the Federal Bureau of Investigation in prohibiting the use of telephone and telegraph and radio facilities for interstate transmission of certain gambling information and generally to cope with the problem of arresting crime, which is not entirely local. So frequently we do not have the facilities to see what is behind the activities of a man who, ostensibly, is doing nothing other than appears to be legitimate.

Mr. RICE. Before you leave that, Mayor, I notice you have a recommendation there toward the prohibition of interstate transmission of information, gambling information. Is there any recommendation as to the interstate betting, what you might call a lay-off bet or a come-back bet, or something like that? Is that covered in there?

Mr. BOWRON. I am not sufficiently familiar with how all of these things are done, to indicate specifically, but the whole matter of bookmaking simply cannot exist locally without some kind of an information service, whether it is supplied by wire or telephone, or in some other way, which, naturally, is a Federal matter, and we hope it may be considered, as a Federal problem.

Mr. RICE. That is more or less outlawed here in the State, is it not, the information and the transmission of the information?

Mr. BOWRON. Within the State; yes.

Mr. RICE. Have you found that to be an effective stopgap? Would you feel qualified to say whether that has been effective?

Mr. BOWRON. From all the information I have, and I do not put myself forward as an expert in these matters, but from all of the information that I have had, and I have discussed these matters with everyone within our State, the Governor, the attorney general, and, of course, members of our police department and others, and I feel that until the supplying of information is eliminated, bookmaking cannot be eliminated. Now, I want to stress the point that I am not a prude or a "long hair."

The CHAIRMAN. A little louder, Mayor, if you will.

Mr. BOWRON. It is not so much the gambling, as such, that I feel is undermining our Government at whatever level it may be, but it is the corruption that goes with it.

Mr. RICE. The evil that stems from the basic crime; is that what you mean?



Mr. BOWRON. Yes. The tremendous profits that are realized and that may be used for the purpose of some form of bribery, whether it be contributions to a political campaign or entertainment or otherwise to influence the governments, generally, with particular reference to law enforcement.

Mr. RICE. Or as Senator Tobey has termed it, "the purchase of official tolerance"?

Mr. BOWRON. Yes. That can be acquired by general public indifference and, therefore, eternal vigilance is the price of good government, as well as liberty.

The CHAIRMAN. Mr. Mayor, this exhibit 1, which is the report of the subcommittee on cooperation to the Attorney General's Conference on Organized Crime, which has been made a part of the record will you read or did you read all of the names of the members of that committee besides yourself? If you will do that I will appreciate it.

Mr. BOWRON. I have listed them here.

The CHAIRMAN. You have some distinguished public officials on there.

Mr. BOWRON. I have already mentioned Donald S. Leonard, the Michigan State Police Commissioner; David N. Earlstein, assistant attorney general of the lands division, stationed at New York.

James V. Bennett, Director of the Bureau of Prisons; Frank Bane, who generally represents the State in this connection, represented the National Association of Attorneys General; that was because the president of that association was on another subcommittee.

There were also Paul Peters, of the United States Conference of Mayors, and Carl H. Chalters, of the American Municipal Association; Charles S. Rhyne, of the National Institution of Municipal Law Enforcement Officers.

The CHAIRMAN. He is one of the Washington boys, is he?

Mr. BOWRON. Yes. He was a representative of the municipal law officers. Then there was Walter Chandler, who was a former Congressman, and an attorney in Memphis, but he was not active; he was a member of the committee.

Mr. RICE. What was that State he was from, Mayor?

Mr. BOWRON. From Memphis, Tenn.

Mr. RICE. He was formerly quite active with that organization, was he?

Mr. BOWRON. He was on the board of the United States Conference of Mayors.

The CHAIRMAN. There wouldn't be any committee that could be complete unless you had a member from Tennessee.

Mr. BOWRON. Yes, that is right, Senator. Also Bernard J. Flynn, United States attorney from Baltimore, Md.

The CHAIRMAN. I notice among the recommendations, Mayor, the first, fourth and fifth recommendations have to do with a long-range study to be made of ways and means of securing more practical cooperation between the Federal, State, and local officials. In other words, where the Federal Government has some information relative to a situation or where the local enforcement officers have some information that would be of assistance to the Federal agencies

that there should be some better method of liaison in the exchange of information; is that what is one of the things you meant by this?

Mr. BOWRON. That is true. That is one of the points that is emphasized by the committee's report and it is a point that is one of almost universal emphasis, on the part of those who answered the questionnaires, as members of the International Association of Chiefs of Police.

The CHAIRMAN. I might tell you, and as you have probably read from the newspapers, something along that line is what this committee has been considering in making a recommendation to the Congress. That is, we find that we have a wonderful Federal Bureau of Investigation and a wonderful Intelligence Service of the Treasury Department and we do have some excellent people in other governmental agencies who do, generally, a good job and the postal inspectors are good people and we have the Securities and Exchange Commission. There is some method of working together, to a limited extent, between the FBI and the Treasury Service, but nowhere are all of the Federal investigative agencies brought in for a common purpose of making an over-all study, particularly of a Nation-wide aspect. There seems to be a need of better liaison and advice between the good local law enforcement officers and what the Federal Government has. That is the purport of one of your recommendations, I take it. Do you feel that in the executive department or somewhere, a continuing study ought to be made on the Federal level of the use of Interstate Commerce by these people who are engaged in illegal activities?

Mr. BOWRON. I think the whole matter should be drawn together some way with a continuing organization. I have indicated and you have indicated that your committee will submit a report and presumably will then pass out of legal existence as an entity, but in a short time this thing should be carried on again. You will note among the recommendations of our subcommittee that we feel that there should be some organization, as a permanent organization to focus, not merely to secure cooperation, but to focus public attention on this matter and thereby secure the necessary popular and public support.

The CHAIRMAN. Now, Mr. Mayor, your police department here, we were very much impressed with Chief Parker and Captain Hamilton. Is your police department up to par of what is required in proportion to the population that you have in Los Angeles?

Mr. BOWRON. We should have a much larger police force, but we do not have, and we do not even have all of the authorized positions filled at the present time, due to lack of appropriations for that purpose. Personally I feel that we should have a larger personnel in our police department.

The CHAIRMAN. How many do you have in the city of Los Angeles, Mr. Mayor?

Mr. BOWRON. A little over 4,400; the exact number I do not know or cannot say. I think it is 4,465; something like that.

The CHAIRMAN. We are finding, generally, that law enforcement officers, both local and Federal investigative officers, are considerably underpaid. I believe that Los Angeles is in the higher bracket, insofar as payment is concerned or salaries are concerned. Would you say that is correct, Mr. Mayor?

Mr. BOWRON. Relatively so. Of course, we do not pay as high as they do in New York, but I think we get more for our money than they do in New York.

The CHAIRMAN. If you could have the money appropriated you could pay them more than you do, which would be a good idea.

Mr. BOWRON. I think it would be a sound public investment to increase the salaries of our police officers in order to attract the best men possible, and at the same time keep them away from temptation by giving them adequate compensation during the time that they are subjected to temptation.

The CHAIRMAN. From an interstate angle, what do you consider the chief problems here now, Mr. Mayor, in the way of law enforcement or a preventative to crime? Since the Guarantee Finance went out and with the wire service, you do not have active vital wire service in Los Angeles, do you?

Mr. BOWRON. No, but as to that, the chief of police and Mr. Hamilton could answer those questions much better than myself because I get my information from them.

The CHAIRMAN. We will ask them about it. Mayor, did you want to say anything about this? If you do, all right, and if you don't, all right.

We have had information that people contacted you on behalf of Jimmy Utley, and others, that they were fostering something in connection with the recall matter, but that they might lay off if they could be treated differently and switched the other way. Do you have any statement about that, that they had a general conspiracy to try to take over but that they might change their position if they could be treated differently; if they wouldn't be borne down on too heavily?

Mr. BOWRON. I have no doubt at all but what Jimmy Utley is right in the middle of anything that is going on here of an improper and of an illegal nature. I do not have specific information. He sent some woman, under the guise of getting information, to my office. I saw her twice, I believe, and thereafter she communicated on several occasions with my secretary, but that is all there was to that.

The CHAIRMAN. Was that Polly Gould?

Mr. BOWRON. Yes; that was Polly Gould.

Mr. RICE. What was represented to you?

Mr. BOWRON. Nothing was represented to me. She came to me, ostensibly to give me information about what was going on to my prejudice; that people were meeting and that this fellow Utley could be of assistance. Now, no proposal, specific proposal was made to me but I am satisfied from the way he works, if he can just be seen with someone or if he could say that he has had a conference with some representative or if some representative of his could have a conference with someone in the mayor's office, he would use it to his own advantage, claiming he has some kind of an in.

Mr. RICE. In other words, you feel it was a movement to ingratiate himself with you, although he was a member of the opposition?

Mr. BOWRON. That is it exactly, yes; and to try and endeavor, like so many of these people, to convince someone that they are entirely innocent and not in any way connected with anything that is bad or reprehensible or illegal.

The CHAIRMAN. I believe that is all I have. Do you have any questions, Mr. Robinson?



Mr. ROBINSON. No.

Mr. VAN BRUNT. Mayor, was there any mention of a "Big 5" in connection with the recall movement?

Mr. BOWRON. No; that terminology is a little new to me. I don't know that there was any specific number of persons mentioned. I have been informed that there were a number of conferences held at which strategy was discussed and some money raised, but just how many there were there, whether there were 5 or 20, I do not know.

Mr. RICE. Ultimately the recall movement failed and the matter just disappeared; is that right?

Mr. BOWRON. It failed simply because the people became aroused, but had they not become aroused there would have been a good chance of it succeeding. Many people don't understand these things. They think very lightly of them because the matters are not brought forcibly and clearly to their attention.

The CHAIRMAN. Is there anything else? If not, thank you very much, Mayor Bowron.

At this point in the record we will incorporate your report.

(Exhibit No. 32 is as follows:)

REPORT OF SUBCOMMITTEE ON COOPERATION TO ATTORNEY GENERAL'S CONFERENCE  
ON ORGANIZED CRIME

When this committee met on March 16 and 17, first consideration was given to the scope of its work. The intention in its creation was suggested by its name and its apparent relationship to other subcommittees of the legislative committee, namely, on Federal legislation, on State laws, and on municipal legislation. The resolutions adopted at the close of the conference on February 15 were reviewed, as well as the general purpose of the attorney general's conference to discuss law enforcement problems of Federal, State, and local officials. Mayor Quigg Newton and Drew J. T. O'Keefe, president and secretary, respectively, of the conference, were asked to meet with the committee for the purpose of consultation. After full discussion, it was determined that the activities of the committee should be directed as follows:

1. To secure cooperation in implementing and carrying into effect the objects and purposes of the conference as represented by the several resolutions, with particular reference to legislation after review and action by the other subcommittees.

2. To consider and make recommendations as to means, methods, and procedure in securing cooperation between Federal, State, and local officials in the consideration, approval, and support of such additional legislation, Federal, State, and municipal, as may be suggested from time to time in connection with various phases of the crime situation and law enforcement.

3. To consider ways and means and make recommendations for the securing of better cooperation between Federal, State, county, and municipal law-enforcement officers in their work of enforcement of penal statutes in all branches and levels of government, with particular reference to combating the operations of organized crime in its various phases.

Most of the associations of governmental officials represented at the conference, together with the United States Department of Justice, through an assistant attorney general and a United States attorney, being members of this committee, the machinery was at once available for securing support for the several bills approved and recommended by the other subcommittees. Members of this committee were helpful in securing witnesses to appear at the congressional committee hearings on these bills after same were drafted by the office of the Attorney General and introduced in Congress. Particular reference is made to the hearings before a subcommittee of the Committee on Interstate and Foreign Commerce of the Senate with regard to transmission of gambling information.

The members of this committee on cooperation were unanimous in feeling that much benefit could be derived in ascertaining the opinions and requesting suggestions from law-enforcement officers and agencies throughout the en-



tire county, with particular reference to such legislation as had been approved as to general purpose by the resolutions of the conference and, more specifically, as recommended by the subcommittees. Accordingly, it was determined to send out questionnaires, the first one to be directed to the membership of the International Association of Chiefs of Police, which includes not only police officers of cities, but sheriffs and State police officers as well. This was done, a questionnaire being prepared by Donald S. Leonard, Michigan State police commissioner and former president of the International Association of Chiefs of Police. A copy of the questionnaire, a copy of the letter of transmittal to the membership of the association signed by its president, and a digest or analysis of the completed survey questionnaires received are attached hereto.

The results of this questionnaire are valuable in several particulars. First, it shows gratifying support for the program of the conference. Second, it has developed suggestions and ideals for long-range study. Third, it has demonstrated a practical method of learning of the problems in connection with law enforcement and suggested means for their solution. Fourth, it has shown the way toward effecting better cooperation between law-enforcement officials, Federal, State, county, and municipal.

While in recent years there has been a general willingness to work together, with comparatively little conflict in jurisdictional matters, cooperation has been largely on an individual basis, frequently as a matter of courtesy, and the cooperation is not uniform in various States or sections of the country. Experience has shown the value of mutual aid and assistance and has made it clear to all those connected with the administration of justice that in the continuing war against crime better and more practical cooperation would be effective.

The general subject of cooperation, aside from the immediate purpose of carrying into effect the legislative program of the first meeting of the conference, is one calling for long-range study. Conclusions can only be reached after securing expressions from many others in addition to peace officers included in the membership of the International Association of Chiefs of Police. The continuation of these studies, securing expression and recommendation from law-enforcement officers, and probably sampling public opinion, should go forward in order to properly carry out the long-range objectives of the conference, and reports should be made to and considered by the executive and continuing committee.

The members of the subcommittee on cooperation have considered that this was intended to be a temporary committee created for the sole purpose of carrying out the objectives of the conference as expressed by the resolutions adopted, with particular reference to legislation, and, unless specifically directed so to do, will not undertake further studies, but as indicated by the recommendations herein-after set forth, feel that since a permanent organization has been set up additional questionnaires should be prepared and sent to those charged with law enforcement at the State level and some means be determined upon to secure the reaction of those officials in the law-enforcement branches of Federal Government with reference to various questions of better and more effective cooperation in the solution of law-enforcement problems of Federal, State, and local officials.

It should be made clear that in submitting an analysis of the survey questionnaires based upon answers and statements of the membership of the International Association of Chiefs of Police, this committee does not necessarily endorse the conclusions of the majority, although it is interesting to note that for the most part the survey represents the thinking of a very good cross section of law-enforcement officers in the various States.

Police chiefs answering the questionnaire represent cities large and small. Twenty-eight police chiefs of cities having more than 250,000 population answered the questionnaire out of a total of 238 police chiefs and other municipal police officers. Twelve answers were received from sheriffs and township police officers; 23 from State police, highway patrol, and State bureau of investigation officers; and 19 from other membership of the IACP.

It is encouraging to note the general support for an organization in the form and with membership represented by the continuing permanent organization of the Attorney General's Conference on Organized Crime. In answer to the question: "Do you favor establishment of a national bureau, either governmental or nongovernmental, through which States and cities and the Federal Government could exchange information on gambling, racketeering, and other crimes?", 262 answered yes; 25 no; 5 did not answer.

An even larger majority, 271 to 13, with 8 not answering, favored the establishment of a permanent crime study group. Among those favoring such a

group, the overwhelming majority of 217 indicated approval of a group representing States, cities, and Federal Government, similar to the Attorney General's Conference on Organized Crime "with necessary expenses paid by the Federal Government." Only 30 expressed approval of a Federal commission and 14 favored a national crime commission, independent of Federal, State, or local governments, and supported by private subscription. There were some other suggestions.

It is interesting to note the following answers:

"Do you favor some means by which such Government agencies as the Federal Bureau of Investigation, Secret Service, Treasury Agents, and Alcoholic Tax Unit agencies, could give greater investigative aid, especially in other States, to State and local police agencies, without taking over jurisdiction of cases?" Yes, 253; no, 33; not answering, 6.

"To assist in the suppression of organized gambling, do you favor Federal legislation to prohibit the use of telephone, telegraph, or radio facilities for the interstate transmission of certain gambling information, such as horse race betting odds and results? (This would not prohibit the dissemination of sports information through the generally accepted press associations and newspapers)." Yes, 273; no, 16; not answering, 3.

Also, "To assist in the suppression of gambling, do you favor Federal legislation prohibiting the interstate shipment of gambling devices such as slot machines in States where such devices are illegal?" Yes, 279; no, 12; not answering, 1.

"Do you favor amendment of the tax laws to require that the owner as well as the operator of a slot machine be identified when Federal tax stamps are purchased?" Yes, 289; no, 9; not answering, 2.

"Do you favor Federal legislation requiring that social-security registrants be fingerprinted and that such prints be made available to law-enforcement inspection?" Yes, 261; no, 23; not answering, 8.

In connection with the proposal for legislation requiring fingerprinting of social-security registrants, suggested in one of the resolutions adopted at the conference on February 15, it was thought advisable to ascertain the position of the Social Security Administration. It was learned that sharp opposition may be expected from this source. A statement setting forth the reasons for such opposition is attached hereto for information.

In addition to the answers to specific questions, the following suggestions were made by those who filled out the questionnaires relating to how, in the opinion of the IACP members, local law enforcement could otherwise be aided by Federal legislation:

1. National fingerprinting law.
2. Central automobile identification bureau on Federal level.
3. Broaden Federal unlawful flight statute.
4. Check and fingerprint all aliens.
5. Legalize wiretapping by police.

Again it is emphasized that none of these suggestions are endorsed by this report and are not embraced in recommendations of the committee. This information is furnished primarily to show the value of a questionnaire in securing a cross section of thinking on the part of local law-enforcement officers.

A tabulation of answers to the question: "What are your major crime problems?" shows the following, in order:

- First, burglary and breaking and entering.
- Second, larceny, including auto theft and petty thievery.
- Third, juvenile delinquency.
- Fourth, gambling and associated crimes.
- Fifth, robbery.

It is interesting to note that local law-enforcement officers make the following answers to the question, "What do you think are the principal causes of crime?":

First, neglect of children by parents, broken homes, lack of proper home training, and other similar answers placing the responsibility on parents was given as the main cause of crime on 146 questionnaires.

Second, inadequate penalties, delays in prosecution, and general apathy on the part of citizens resulting in lack of sufficient police personnel and inadequate enforcement were listed as causes on 70 questionnaires.

Third, lack of employment and poverty were listed as causes on 68 questionnaires.

Fourth, the use of intoxicating liquor was listed on 40 questionnaires as a cause.

Fifth, gambling, greed, and the desire for money without effort expended was listed as a cause on 39 questionnaires.

Other miscellaneous causes listed were as follows: Inadequate recreation facilities, lack of education, inadequate control of mentally ill, and poor housing areas.

A number of recommendations were made with reference to State legislation to aid in the suppression of crime, which are shown in the attached statement of analysis of questionnaires.

Additional information that might prove valuable was adduced in answer to the question, "Do you favor in your city or State any outstanding or unusual crime-suppression legislation that you would recommend for adoption by other cities and States?" Supplementing a digest of the answers, it is deemed by the committee of sufficient value to include copies of the various State laws and local ordinances referred to. This information is submitted in the belief that one of the functions of the continuing or permanent organization of the conference might well be the establishment of a clearinghouse for copies of statutes and local ordinances.

Following are the recommendations of the subcommittee on cooperation of the legislative committee:

(1) That a long-range study be made of ways, means, and specific methods of securing more practical cooperation in the solution of law-enforcement problems of Federal, State, and local officials.

(2) That the executive continuing committee determine a policy in this regard and give specific directions as to the sending out of questionnaires to the membership of other organizations having representation in the conference.

(3) That if, as suggested at the conference on February 15, a national association of district attorneys is not effected, questionnaires be sent to district attorneys and other local prosecuting officers in the various States.

(4) That the executive continuing committee request the advice of the Attorney General of the United States as to the best means of securing suggestions or comments from Federal law-enforcement officers as to the general subject of cooperation between Federal agencies and State and local law-enforcement officers.

(5) That consideration of the executive continuing committee be given as to the matter of sampling public opinion with reference to the general subject of law enforcement, with particular reference to the matter of cooperation between Federal, State, and local officials.

MAYOR FLETCHER BOWRON,

*Chairman, Subcommittee on Cooperation.*

The CHAIRMAN. The next witness will be Mr. Carey S. Hill.

Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HILL. I do.

### TESTIMONY OF CAREY S. HILL, LOS ANGELES, CALIF.

The CHAIRMAN. Your name is Carey S. Hill?

Mr. HILL. Yes.

The CHAIRMAN. Now, Mr. Hill, you were foreman of the grand jury for Los Angeles which made a report dated January 17, 1951, which has been called to the attention of the committee. It seems to be a very excellent report. Will you identify yourself, Mr. Hill, as to where you live and what you do?

Mr. HILL. Yes. I am Carey S. Hill. I live at 728 South Windsor Boulevard. I am an investment banker in the city of Los Angeles. During 1950 I was foreman of the Los Angeles County grand jury. That grand jury was activated February 17, 1950, and retired February 23, 1951.

Mr. RICE. Is that the usual term, approximately 1 year?

Mr. HILL. Yes. We were held over for a short period.



The CHAIRMAN. We are going to make your report exhibit No. 33. (Exhibit No. 33 appears on p. 680.)

The CHAIRMAN. Will you tell us what you found and what your recommendations are, in your own way, and then Mr. Rice will ask you any specific questions that he wants to.

Mr. HILL. This report was the result of 6 or 8 weeks' investigation of vice protection in the county of Los Angeles. We had a good many problems in getting to the hearings themselves.

The matter had been brought to our attention, of course, by the very able report of the California Crime Commission headed by Mr. Warren Olney and assisted by Mr. Robinson of your committee.

The district attorney's office successfully prosecuted the Guarantee discount crowd for their gambling activities, but the matter of the protection money involved in that thing was left hanging in the air. We were advised not to proceed until the trial of the gamblers had been completed. They were convicted of a violation of the law and I believe sentenced to San Quentin.

We had hoped that, in the interim, the men involved there would, perhaps, seek some immunity by giving State's evidence, but nothing of that kind happened.

Mr. RICE. You mentioned that the investigation took some 6 weeks. What facilities for investigation did the grand jury have available to it? Did you have men assigned to the grand jury?

Mr. HILL. The grand jury had two investigators assigned to it who worked on routine matters.

Mr. RICE. Where did they come from, Mr. Hill?

Mr. HILL. They are employees of the district attorney's office.

Mr. RICE. Of the district attorney's office, you say?

Mr. HILL. Yes.

Mr. RICE. And they are paid by the district attorney's office?

Mr. HILL. That is right.

Mr. RICE. Did the grand jury in this area have any expenses or expense money to hire investigators accountable only to the grand jury?

Mr. HILL. It wasn't a lack of funds. It was a lack of jurisdiction, shall I say. The law provides that you cannot hire special counsel or special investigators unless you have charges against the district attorney's office itself. In that event you can appeal to the attorney general of the State, which wasn't suitable during our term.

Mr. RICE. Did you find that the grand jury, as a body of inquiry, was an efficient style of investigation?

Mr. HILL. Well, our capacity for investigation was limited to what we could find out from people who took the witness stand. We didn't have the resource of investigators who could go out and explore and uncover matters for us. The district attorney's office did, however.

Mr. RICE. Then during the grand jury investigation you had how many on the grand jury?

Mr. HILL. The grand jury is composed of 19 members.

Mr. RICE. Nineteen people who attended most of the sessions?

Mr. HILL. Yes.

Mr. RICE. And you called witnesses before you?

Mr. HILL. Yes; we did.



Mr. RICE. And developed certain information?

Mr. HILL. Yes.

Mr. RICE. Were you able to maintain the secrecy of that information?

Mr. HILL. It was a little difficult to do that. The press, of course, is very active and they are on their toes and they know the background of everyone who comes before you on a grand jury. As to the county hearing, the hearing on the sheriff's office, we did attempt, made elaborate attempts to preserve secrecy in that matter but that was unsuccessful. The word leaked out very promptly.

Mr. RICE. I notice on page 5 of your report you have a subheading entitled "The Leak." What is your own knowledge about that? What, in your own language, was that, briefly?

Mr. HILL. Well, on Wednesday, December 6, of last year, we had a meeting in Mr. Simpson's office. Mr. Simpson is the district attorney. Present were myself, foreman of the grand jury, Mr. Guy C. Earl, chairman of its crime committee, or, rather, chairman of its criminal-complaints committee; also present was Mr. Powers, deputy district attorney, assigned to the Guarantee Finance case and Mr. Leonard Guasti, his investigator. We agreed that we would proceed the following Wednesday with a hearing, a full-fledged hearing on the sheriff's office. Five of us were present.

Subsequently, I believe, two others had to be advised of this so they could draw subpoenas. So a total of seven people knew about it and the next day I am told that Mr. Rummel knew about it.

Mr. RICE. Who is Mr. Rummel?

Mr. HILL. Mr. Rummel is a criminal lawyer who practiced in this city.

Mr. RICE. He had no connection with any of this group or the grand jury, did he?

Mr. HILL. No.

Mr. RICE. He was, in effect, an outsider and the information had leaked to Mr. Rummel within 24 hours or less, that you fellows were about to inquire into the activities of the sheriff's office; is that correct?

Mr. HILL. That is right; yes.

Mr. RICE. Did that, in any way, harm the investigation?

Mr. HILL. Well, a good many of our witnesses scattered; several went to Las Vegas. The important elements in the case, some of them went to Las Vegas.

Mr. RICE. What happened immediately after that, on that next Sunday? I notice on page 5 you have a reference here to the Rummel shooting.

Mr. HILL. The Rummel shooting?

Mr. RICE. Yes.

Mr. HILL. Well, yes; I believe it was the following Sunday morning that Rummel was found dead in his garden and had been shot at close range by a shotgun. In the meantime he had had conferences with Guasti and Pearson.

Mr. RICE. Is that Captain Pearson?

Mr. HILL. Of the sheriff's office, yes; and with Captain Pearson and also Sergeant Schaffer, of the sheriff's office.

Mr. RICE. Did you have witnesses before the grand jury testify as to those meetings?

Mr. HILL. Oh, yes.

Mr. RICE. Do you associate the Rummel shooting with the action of the grand jury or the leak to Rummel or the anticipated action of the grand jury?

Mr. HILL. I think it is a very plausible theory and I haven't heard a better one. I asked Captain Stensland, on the witness stand, he being head of the sheriff's detective bureau, what his theory was. He said, "Well, it is simply a case of Rummel getting between the gamblers and the Italians."

Mr. RICE. I don't understand that. Why would it be necessary to have liquidated him, as the boys say in that connection?

Mr. HILL. Well, I don't know. If we had the answer to that question, we would unravel a good many things around here, I think. The theory I mentioned in this report was that Rummel, at least, had his foot in the gambling business.

Mr. RICE. And the grand jury was working on the gambling business; is that right?

Mr. HILL. That is right; but prior to that he did have his position in the gambling business. There is no doubt he knew where the \$108,000 Guarantee Finance pay-off money went.

Mr. RICE. What were the facts on the Guarantee pay-off money? I see a reference on page 4 here in your second paragraph to an item of \$108,000 referred to as "Juice." What did the grand jury find out about that in the Guarantee Finance case?

Mr. HILL. We had several witnesses who testified as to that fund. Charles Manaugh is quoted here; the quotation here is from the gambling trial in the superior court. We had other witnesses who were familiar with the accounts of that corporation.

Mr. RICE. I think on page 8 of the report there is some reference to Cameron L. Handley. Who is he?

Mr. HILL. He is the man I tried to think of before.

Mr. RICE. What did he say about this?

Mr. HILL. He said that, in his opinion, a gambling matter of that type of operation of that size couldn't function without protection. He said that outside of having the record of that \$108,000 he didn't have anything to do with the disposition of it; that Marvin Kobey handled the distribution of the \$108,000.

The CHAIRMAN. How did the \$108,000 appear on the books?

Mr. HILL. I think by the initials "JC," which Manaugh interpreted as juice. Others have thought "JC" referred to Jimmy Contratto, a gambling figure in this town.

The CHAIRMAN. Does it appear the \$108,000 was taken out of the funds of the Guarantee Finance Co. and not accounted for in any other way except "JC"?

Mr. HILL. And furthermore, it was not returned to the Government as income tax and when the raid was made they went to Washington and cured their report and paid a tax on it.

The CHAIRMAN. You mean it was listed as an operating expense or wasn't listed at all except as "JC" money paid out?

Mr. HILL. I think the latter.

Mr. RICE. It was listed as an expense then. They took advantage of it as a chargeable item, did they?

Mr. HILL. Yes; and couldn't support it and later paid taxes on it, as I recall.

The CHAIRMAN. They went to Washington and amended their income-tax return so as to pay income on \$108,000 that they had paid out to "JC"?

Mr. HILL. That is my understanding of it; yes.

The CHAIRMAN. I think in order to have the record coherent, we have had that in our executive hearings, and most of the executive hearings will be made public later, either now or later, but Mr. Robinson, I think, in a couple of sentences if you will give the interstate tie-up and the importance of the Guarantee Finance Co. case we would appreciate that. I believe you were very, very familiar with it. I know Mr. Hill is, too, but with your being with the California Crime Commission you were there at the time it was closed up and you know the interstate tie-ups and what the Guarantee Finance Co. said and did.

Mr. ROBINSON. Let me first clarify what might be a mistaken idea with respect to the \$108,000. The Guarantee Finance Co. operated on the basis of dividing profits and expenses with their agents or runners on a 50-50 basis. Obviously, if they had any disbursements they would require that the agent assume half of the money disbursed for their joint benefit. This \$108,000 represents the portion of an amount estimated at \$216,000, which was actually disbursed, of which the Guarantee Finance, on a 50-50 basis, stood the \$108,000 indicated.

As to the interstate connections, in the operation of a bookmaking enterprise of the scope of this one, it is necessary to have lay-off spots; that is necessary. There bets are laid off between the Guarantee Finance and the spot commission company of Shreveport, La., between the Guarantee Finance and the Film Row Club of San Francisco, which was subsequently raided. Among the records of the Guarantee Finance Co. an extensive amount of sweepstake tickets were found.

It would appear from the records that the borrowers from the Guarantee Finance Co. provided a very attractive field for the sale of those sweepstake tickets. That sweepstake was organized in Mexico City and was commonly referred to as the International Sweepstakes, S. A. There are many other widely spread ramifications and even as to the telephone indexes found, numerous names appeared in those telephone indexes indicating contact with various persons in the betting profession throughout the country.

The CHAIRMAN. Where did they get the wire service from?

Mr. ROBINSON. That has not been determined, sir.

The CHAIRMAN. Did they have a Western Union ticker service?

Mr. ROBINSON. No.

The CHAIRMAN. They had a telephone service, did they?

Mr. ROBINSON. That is correct.

The CHAIRMAN. Isn't there some indication that the service came off the cables of Continental that runs through California, even though there is no legal outlet here?

Mr. ROBINSON. You have another case in mind, Senator, where individuals were able not only to locate but determine the identity of cable 221 of the Western Union circuit, which parallels the Southern Pacific tracks at San Bernardino. That particular cable is the cable of the Continental Press, which runs through California and is incident to its pattern of Nation-wide distribution, although according



to the Public Utilities Commission, there is no information that that drops out through California.

Mr. RICE. Did they find that that was tapped into from time to time?

Mr. ROBINSON. That was tapped into on, perhaps, four occasions that are known of. On one occasion it threw the entire block system signals of the Santa Fe Railroad out of commission.

The CHAIRMAN. When was the Guarantee Finance Co. finally raided and closed?

Mr. ROBINSON. January 27, 1949.

The CHAIRMAN. All right, Mr. Hill and Mr. Rice. I thought we would just get that background.

Mr. RICE. There is something there that interests me, Mr. Hill, when you told us about the "JC" or juice account. What is your interpretation of the term "juice"?

Mr. HILL. Well, "juice," is a local expression, at least, for bribe money, the money with which you buy protection.

Mr. RICE. That is a protection term; is that right?

Mr. HILL. Yes.

Mr. RICE. Down in Florida they call it "ice." Is there any chamber of commerce angle here that causes it to be called "juice"?

Mr. HILL. I would not like to settle the dispute between Florida and California.

Mr. ROBINSON. The man in Florida said he had not seen the "ice" as yet.

The CHAIRMAN. Let's proceed, gentlemen.

Mr. RICE. Now, sir, you refer here to the pattern which interests us. We have run into the pattern or the vice squad pattern from time to time in connection with other law-enforcement agencies. What is that?

Mr. HILL. Basically it was very simple. The vice squad comprised 22 men.

Mr. RICE. You are talking about the sheriff's office now?

Mr. HILL. The sheriff's squad, which has the county to service. Out of 1,700 employees they had 22 men on the vice squad. Many of those men were there 4 years, 7 or 8 years. When you realize that there are three shifts a day, you can see the vice squad at any minute is a pretty small outfit. Apparently no one else in the sheriff's department had the right to raid a gambling institution of any kind except them.

Mr. RICE. None of the other officers, even though they carried a badge, had a right to make a bookmaking case or arrest; is that it?

Mr. HILL. That is right. That is testimony, sworn testimony.

The CHAIRMAN. They had a right, except by the rules and regulations of the sheriff's department that they were not supposed to?

Mr. HILL. That is right; yes.

Mr. RICE. The net result is that the vice squad is a small compact group able to control the whole situation with respect to any raids that were made?

Mr. HILL. Yes.

Mr. RICE. Do you find any horrible examples of directives to raiding parties which would restrict their activities?

Mr. HILL. Yes; the vice squad didn't move freely without instructions from Captain Pearson, at the time we reviewed it, and in the case of one raid Captain Pearson wrote a longhand note to Schaffer,



the sergeant in charge of the squad, saying, "Make your raids specifically at 10 o'clock. At that time the gambling tables will be covered. Observe the girl show and then leave." Then it says, "During that time there will be no gambling conducted so your officers will not be embarrassed," or language to that effect.

Mr. RICE. I think you have that here on page 11.

The CHAIRMAN. That is an interesting story. Let's hear some more about that.

Mr. RICE. Tell us more about that. Read it, will you?

Mr. HILL. The raiding officer was David Campbell. When he went out on this raid he found this note:

CAMPBELL:

Re: Lewd show, Friday, June 18. Have the men you select enter the place just after 10 p. m. and remain during the show. There will be no games conducted during this time to embarrass the officers.

All that we will concern ourselves about will be that the show is within the law.

It is signed with the initial "C."

As a witness before the grand jury, Captain Pearson—Carl Pearson—testified that that was his communication written in his handwriting.

Mr. RICE. How do you explain that, sir?

Mr. HILL. You mean how did he explain it?

Mr. RICE. Yes.

Mr. HILL. Well, I think at that point he used his constitutional privilege and said he refused to testify on the grounds that it might tend to incriminate him.

Mr. RICE. That is a law-enforcement officer saying that?

Mr. HILL. A law-enforcement officer until just before that point when he had been discharged by the sheriff for failure to tell the Rummel story.

Mr. RICE. Did Officer Campbell testify?

Mr. HILL. He testified freely and gave us a great deal of information.

Mr. RICE. He, in effect, said that his hands were tied at the time he was directed to go into the place?

Mr. HILL. Their hands were frequently tied. If you will read this report there are many instances of that.

Mr. RICE. Did you people on the grand jury return an indictment as a result of your findings?

Mr. HILL. Indictments were brought against Captain Pearson and Schaffer; against Ay Guasti for perjury; and against George Dalby Bates.

Mr. RICE. I think you found other incidents of interesting occurrences in connection with law enforcement officers. For instance, Deputy Risbridger on page 9. What was that about?

Mr. HILL. Well, Risbridger testified that in spite of the fact that he made a previous arrest of Marvin Kobey—

Mr. RICE. He was more or less the boss of Guarantee Finance; was he not—this Marvin Kobey?

Mr. HILL. Yes. When he wanted to buy a car he went down to see Kobey and said he would like to make a loan. He wanted a rather inexpensive car. I think his loan was to be about \$600. Kobey said, "You should have a much finer car," and I believe took him over to a

used car lot and subsequently loaned him \$1,800 to buy a better car than the one he had in mind.

Mr. RICE. What did he cram down his throat, a small Cadillac?

Mr. HILL. I don't recall that he described the car but it took a \$1,800 loan to swing the deal.

Mr. RICE. Did you talk to Risbridger about that?

Mr. HILL. Yes; he testified that is exactly what happened. He had no adequate explanation for not going to the sheriff's fund for that purpose. The sheriffs have an employees' fund where they can borrow money. He didn't go to any of the usual loan agencies, but he went to Kobey and got a loan, not only what he asked for, but three times his request.

Mr. RICE. Was that loan subsequently repaid?

Mr. HILL. I think he made installment payments and the loan was later transferred to one of the banks and it was eventually paid off.

Mr. RICE. That is, at least the records show that?

Mr. HILL. It showed the loan was paid; yes.

Mr. RICE. I notice you had some difficulty in connection with testimony of some of the law-enforcement officers. Who were some of the others that refused to answer questions before the grand jury? On page 15 of this document you mention some of those.

Mr. HILL. Well, Captain Guasti, retired, answered a few questions but pleaded his constitutional immunity with respect to all the important questions—the questions that would lead into the pay dirt that we were after. Captain Pearson answered a minimum of questions and pleaded constitutional immunity, although within 30 days he had been an active officer of the law.

Lorenson was an ex-captain of the Los Angeles Police Department and on a pension. He testified briefly to his liquor license deal but when it came to anything that would involve any of the witnesses that we were looking for, he pleaded his constitutional immunity.

Mr. RICE. What was that liquor license deal, Mr. Hill?

Mr. HILL. Well, apparently from our information, Lorenson and Guasti were able to secure a liquor license directly from the board that issues such licenses for approximately \$500.

Mr. RICE. That is the board of equalization; is that right?

Mr. HILL. The State board of equalization; yes.

Mr. RICE. Who got the license? Did Guasti and Lorenson both get licenses?

Mr. HILL. I was told that Guasti got a license and Lorenson got another one.

Mr. RICE. You had testimony from witnesses to that effect?

Mr. HILL. Certainly with respect to Lorenson; and when we questioned him about it, about Guasti's license—

Mr. RICE. Are these two separate licenses or the same one?

Mr. HILL. Two separate ones, and each of them are said to have received a license for about \$500 when the market price was \$10,000 or \$12,000 or more. Subsequently, and within a very short time—in the case of Lorenson, within 1 month—he sold his license for a little over \$12,000.

Mr. RICE. So he obtained a license for \$500 and within a month turned it over for \$12,000; sold it for a fee of \$12,000?

Mr. HILL. That is right; yes.

Mr. RICE. What did he say when asked about the details of the transaction?

Mr. HILL. He pleaded constitutional immunity when we started to bore in.

Mr. RICE. He refused to answer the questions?

Mr. HILL. That is right.

Mr. RICE. How about Captain Guasti; what did he sell his for or did he sell his?

Mr. HILL. Our information is that he did and at about the same price. He declined to testify with respect to that license.

Mr. RICE. These transactions took place during a time that these officers were on the police force?

Mr. HILL. I can't state that specifically. I can't answer that.

The CHAIRMAN. For the record they did; yes. Captain Guasti testified before us and we went into the matter of the license in some detail.

Mr. ROBINSON. This doesn't relate to that group; does it, Senator?

The CHAIRMAN. Anyway, some surplus licenses were issued that were supposed to go to veterans and most of them got into the hands of those who were anything except veterans; isn't that right, Mr. Hill?

Mr. HILL. Apparently; yes.

Mr. RICE. Now, Captain Lorensen was on the police force and Guasti was in the sheriff's office, and they are both now out, I take it?

Mr. HILL. Yes; they are.

Mr. RICE. Did you make your finding with respect to Sheriff Biscailuz?

Mr. HILL. Well, there was nothing in the testimony about that.

Mr. RICE. You have a conclusion on page 15, where you make mention of that.

Mr. HILL. As I say, there was no evidence before the grand jury that showed the sheriff participated in any protection money received. The grand jury was shocked, of course, at the conduct of his office. He did not make adequate investigations. This matter had been called to his attention time after time.

Mr. RICE. You mean the matter of extracurricular activities, you might say, of certain officers of his department that were called to his attention?

Mr. HILL. Yes.

Mr. RICE. What did he do about that?

Mr. HILL. He testified that he asked them if that were true.

Mr. RICE. He would ask them if it were true? You mean the one who was under fire or accused, more or less, he would ask them about that and ask them if it were true what was being said about them; is that what you mean?

Mr. HILL. If the man said it wasn't true the matter was dropped at that point.

Mr. RICE. The man would make a denial, and that would terminate the inquiry?

Mr. HILL. Yes.

The CHAIRMAN. It was a little worse than that; wasn't it? Long before the Guarantee Finance Co. was raided the California Crime Commission wrote Sheriff Biscailuz, telling him about it, and he just turned the matter over to Pearson, and that was that.



Mr. HILL. It was worse than that, Senator. The corporation commissioner, through Mr. Robinson, telephoned Biscailuz and said, "We are going to make a raid at Guarantee. We will need some help." Biscailuz turned it over to Pearson, and Pearson deliberately did nothing about it, and made the comment, "I am not going to get my tail in the crack here"; and nothing was done about it.

Mr. ROBINSON. The record can show that I made the telephone calls to the sheriff's office.

Mr. HILL. Yes; we had testimony to that effect.

The CHAIRMAN. Their attention was very definitely called to the operation of this Guarantee Finance Co. many months before it was raided. Sheriff Biscailuz had to know that because letters were addressed to him. Also some chap from the city police department went down and into a skylight, I believe, and found the whole thing operating and reported it to the sheriff's office and there was some evidence that the sheriff's office complained because he was finding out things that were getting out of his jurisdiction.

Mr. HILL. Yes. There was a letter of complaint supposed to be written by Mr. Guasti to Lieutenant Fiske, Sr., in the police department, complaining that the city police were violating county territory.

The CHAIRMAN. I will say from the experience of or in our travels of the committee, we have had several instances of this kind, but this was one of the principal interstate operations for bookmaking and betting and the evidence was that it was protected by the sheriff's office and that evidence is overwhelming. I am glad your grand jury went into the matter. We went into it fairly well when we were here in November, and it was our impression then, and then you made your report in January and amplified on a great many details so that seems to be your opinion, too.

Mr. HILL. Yes.

Mr. RICE. I have no further questions.

Mr. ROBINSON. I have a question or two. Did the grand jury, among other things, give consideration to activities at the Southwest Hospital?

Mr. HILL. Yes. We had a long hearing involving 30 or 40 witnesses of an abortion mill in the Southwest Hospital.

Mr. ROBINSON. Where there indictments returned as a result of that?

Mr. HILL. Yes; I believe five were indicted and they have since been convicted and sentenced.

Mr. ROBINSON. Do you recall the name of L. F. Davis in connection with that?

Mr. HILL. No; I don't.

Mr. ROBINSON. Does it refresh your recollection if I would tell you he was a pilot for Joe Cannon of Fresno?

Mr. HILL. Yes; he was.

Mr. ROBINSON. Was he one of those indicted?

Mr. HILL. No; he was not indicted.

Mr. ROBINSON. That is all I have.

The CHAIRMAN. Who was indicted, Mr. Hill?

Mr. HILL. In the Southwest Hospital case it was Gallardo, Amos, Zippsi, and Glynn. I will explain those people for you. Amos was a doctor, a surgeon. Gallardo was a surgeon. Zippsi was the nurse,



and Glynn was the owner or proprietor or manager of the hospital. The CHAIRMAN. Who was indicted in the Guarantee Finance matter?

Mr. HILL. In our investigation it was Guasti, Captain Pearson, Sergeant Schaffer, George Bates Dalby—

The CHAIRMAN. On page 9 you have something about Hyman Ulnick, who was supposed to have provided approximately \$3,500 for some badges. As I remember we asked Captain Guasti about that at the time we had him in executive session. He denied knowing anything about the badges or the shoulder pads or whatever they were. Did that come out and was it definitely proved?

Mr. HILL. That was proven by the testimony of three or four witnesses.

The CHAIRMAN. That Hyman Ulnick gave Captain Guasti \$3,500 for the badges?

Mr. HILL. I don't know if that particular phase of it was supported by the three or four witnesses, but the badge story itself was very well confirmed. I think there is no question whatsoever or wasn't any question whatsoever in the jury's mind as to Ulnick being the angel. We couldn't find Ulnick to question him. He went to Las Vegas, we were told.

The CHAIRMAN. We have been on the lookout for him, too. We have a subpoena out for him but haven't gotten him as yet.

Mr. HILL. We also wanted Dave Rubin, who also went to Las Vegas.

The CHAIRMAN. While the testimony we have about Captain Guasti would compare with the testimony that you have given us, and as to your action, I didn't exactly understand the continuity of what happened the day or few days before Rummel was murdered. That grew out of the testimony relative to the Guarantee Finance Co. case, I believe. Will you recite and give us the continuity of what happened there, again, Mr. Hill?

Mr. HILL. From memory, on Wednesday, December 6, in a meeting in the office of the district attorney, District Attorney Simpson, it was decided that the grand jury would make the investigation, of which this is a report.

The CHAIRMAN. That is December 6, 1950?

Mr. HILL. December 6, 1950. We determined that the jury would take the matter up on the following Wednesday, which, I think, was the 12th. In the meantime absolute secrecy was to be preserved. I didn't even tell members of the grand jury what they were to meet for or anything like that at the next hearing. Anyway, I believe it was Tuesday and not Wednesday.

We had testimony before the grand jury that a day or two following that decision to hold the hearing, there was a meeting arranged between Rummel, Guasti, and Pearson, who met in their automobiles at Forty-first and Hoover.

The CHAIRMAN. Met in whose automobile?

Mr. HILL. Well, I believe in Rummel's car. Well let me get this straight. I believe Rummel came in his car; Guasti and Pearson went together in another car, if I have that correct.

The CHAIRMAN. And they met where?

Mr. HILL. At Forty-first and Hoover.

The CHAIRMAN. That was about December 8, about 2 days after you decided to go into the investigation; is that right?

Mr. HILL. Yes, that is my recollection.

The CHAIRMAN. What transpired?

Mr. HILL. Well, the testimony was very scant on the meeting. They just discussed, as I recall it, the grand jury hearing that was coming up and the testimony was so sketchy that I don't know what happened, what the conversation was between the men at that meeting.

The CHAIRMAN. What was Rummel's connection with the Guarantee Finance Co. and with these officers?

Mr. HILL. Rummel was commonly spoken of as a mouthpiece for the gamblers here. He was a lawyer for many of them. I am told that he had accepted pieces in various gambling operations in lieu of fees and in that way had become quite interested in the profits of gambling enterprises.

The CHAIRMAN. He was Mickey Cohen's lawyer, wasn't he?

Mr. HILL. In several cases; yes.

The CHAIRMAN. Except when Mickey Cohen appeared before this committee last November, but other than that he represented him in many cases?

Mr. HILL. Yes.

The CHAIRMAN. It seems to me when Mickey made an effort to get some fellow back from Las Vegas—who was that again?

Mr. RICE. You are talking about Eddie Borden.

Mr. VAN BRUNT. Eddie Borden; yes.

The CHAIRMAN. Eddie Borden, that is the man. When he finally got Eddie Borden back, often sending someone over for him, and flew him back on a plane, did you have testimony that the first place he went to was Rummel's office or to a meeting with Sammy Rummel? Do you remember that?

Mr. HILL. Only from press accounts. I believe that is the story that I read in the newspapers.

The CHAIRMAN. That did not come out in the grand jury?

Mr. HILL. No.

The CHAIRMAN. Then your theory is that something in connection with this matter of the grand jury investigation, that somebody had to get Rummel out of the way; is that correct?

Mr. HILL. That is one theory; yes. I haven't heard a better one, Senator. Undoubtedly he knew about the Guarantee slush fund and he may have threatened someone to move over.

The CHAIRMAN. How was he killed and where? This, of course, isn't news for the people of Los Angeles but for our record it would be very interesting.

Mr. HILL. He was killed in the pathway leading from his garage to the front door of his house; apparently he had been shot with a shotgun at very short range, as I recall it, 8 or 10 feet, from the press accounts that I read.

He had left the meeting with Pearson and Schaffer, at least, they had left him in his office about 10:30 the night before and his body was not discovered until early the following morning.

The CHAIRMAN. I thought you said they met out at Forty-first and Hoover?

Mr. HILL. There was another meeting, Senator. I think the following night Pearson and Schaffer met with Rummel in Rummel's office on Eighth Street near Hill. To that meeting Schaffer took a substan-

tial accumulation of county files relating to the Guarantee Finance case.

The CHAIRMAN. Who is Schaffer again?

Mr. HILL. The sergeant in charge of the vice squad.

The CHAIRMAN. You mean in the sheriff's office?

Mr. HILL. Yes.

The CHAIRMAN. You mean he took county files to this meeting with Rummel and Guasti and Pearson?

Mr. HILL. Yes.

The CHAIRMAN. And that was on a Sunday?

Mr. HILL. I believe it was Sunday evening.

The CHAIRMAN. In Rummel's office?

Mr. HILL. Yes, at Rummel's office.

The CHAIRMAN. That night when Rummel went home he was knocked off; is that correct?

Mr. HILL. He was killed the next morning, found dead the next morning in his garden.

The CHAIRMAN. He was found dead the next morning?

Mr. HILL. Yes.

The CHAIRMAN. Have they apprehended anyone and charged him with this murder, do you know?

Mr. HILL. No, sir.

The CHAIRMAN. Mr. Hill, you have some experience in these matters. Why is it that of these so-called gang murders, and we have had a number in Kansas City and quite a number in Tampa, Fla., and a number in Chicago and all over the country; on these gang-type murders, you seem to run into a brick wall and they never become solved. Do you have any theory about that?

Mr. HILL. That has been our local experience, too. We haven't solved any in this part of the world for a long time. The usual explanation is if you have to have a killing done you hire a Sicilian or an Italian, and I think they are commonly referred to in the underworld as "greaseballs." Apparently you can hire them for a moderate fee and get your shooting done by them. Now, they must keep their own counsel or the story will be out some place.

The CHAIRMAN. But I think you would agree with me that among these Sicilians and certainly among the Italians there are a very infinitesimal few that are of that type and it is no general indictment of that race at all.

Mr. HILL. I would certainly agree with that, Senator.

The CHAIRMAN. We found, also, particularly some people who are alleged to be in the Mafia, from Sicily, or Sicilian parentage and background, that they got pretty close to these gang-type killings but you can't get any of them to talk. They just say nothing and for some reason or other, even witnesses that are known get wiped out themselves.

Mr. HILL. Yes.

The CHAIRMAN. So your idea is, and I am agreed with you, that it is a calculated commercial business of blotting out lives and being paid to do so, and scientifically arranged so it is very difficult to follow through on solving the murders?

Mr. HILL. Yes: taking the law into their own hands. They administer their own ideas of justice in the underworld.



Mr. RICE. Did you have any difficulty with George Bates or George Dalby?

Mr. HILL. We had difficulty in getting him. Our process server apparently was in a low-powered car and Bates had a Cadillac and he had a tough time getting him.

Mr. RICE. Who was Dalby or Bates?

Mr. HILL. He was described as a labor coordinator.

Mr. RICE. Actually what did you want him for?

Mr. HILL. We wanted him; he was the bag man, picking up the payoff money in the stag show business.

Mr. RICE. So you made an effort to serve him?

Mr. HILL. He was subpoenaed or a subpoena was issued but he avoided service and went to Las Vegas. We made every possible effort to get him back. Mr. Powers and Mr. Busse went to Las Vegas and went before the superior court and asked them to honor subpoenas for several men that we wanted. The court, however, declined to cooperate with us.

Mr. RICE. You are talking about a Nevada court, are you?

Mr. HILL. Yes; a Nevada court.

The CHAIRMAN. Did you ask the Governor for extradition papers or is that the way it was done?

Mr. HILL. This was a short cut; that would have taken, perhaps, 30 days. The grand jury, as you remember, was nearing the end of its term. We took a short cut and went to the superior court.

Mr. RICE. Would you say it would be a fair statement that Dalby used the State line to seek sanctuary in another locality?

Mr. HILL. I most certainly would say that; yes.

Mr. RICE. I have nothing further.

The CHAIRMAN. Mr. Hill, we are grateful to you. It is very apparent that your grand jury has performed an excellent public service, a courageous one, and has gotten results. We thank you for coming here and telling us about it. Your report will be made a part of the record and copied into it as exhibit No. 33 to your testimony.

(Exhibit No. 33 is as follows:)

JANUARY 18, 1951.

Hon. STANLEY N. BARNES,

*Judge of the Superior Court,*

*Adviser to the 1950 Grand Jury.*

DEAR SIR: Upon unanimous instruction from the members of the 1950 grand jury, I am transmitting herewith the special report on the Pattern of Vice Protection in Los Angeles County.

We believe the subject matter of this report should be under continuous study by succeeding grand juries because if the protection of vice could be ended, law enforcement would be far more effective than under present conditions.

Respectfully yours,

LOS ANGELES COUNTY GRAND JURY,  
CAREY S. HILL, *Foreman*.

THE PATTERN OF VICE PROTECTION—A REPORT OF THE LOS ANGELES COUNTY GRAND JURY OF 1950, TO THE HONORABLE STANLEY N. BARNES, JUDGE OF THE SUPERIOR COURT AND ADVISER TO THE 1950 GRAND JURY

A clearly defined pattern of vice protection in this county has been sketched line by line by the sworn testimony of a score or more witnesses appearing before the 1950 grand jury through the continuous efforts of Deputy District Attorney Joe Powers and his investigator, Leonard Busse.



Failure of the grand jury to make a public report of its investigation would be shutting our eyes to the shocking condition that has existed, and continues to exist, and would amount to granting a virtual license to certain present and past members of law-enforcement agencies in this country to continue to protect, for pay, the operations of men in the underworld who control gambling, prostitution, and the abortion mill.

This grand jury took office early in February 1950, following a year in which many thoughtful citizens had come to the conclusion that there had been an almost complete breakdown of law enforcement in Los Angeles County. The long list of unsolved gangster killings was increased during 1949 with the Sherry Restaurant shotgun blast that killed one and wounded three others. Mickey Cohen's house was dynamited. Shortly after the turn of the year, a witness invaluable to the Federal authorities was coldly murdered in his bed, and Samuel Rummel was murdered on the eve of the grand jury hearing of the pay-off program in Los Angeles County.

Throughout its term the 1950 grand jury has doggedly held to the belief that its greatest contribution to law enforcement would be made if the program of vice protection could be upset. Our law-enforcement agencies in the county have a total personnel of several thousand men, most of whom are able officers, above reproach in every way. Their effectiveness and their morale is lost where the corruption of a few is permitted to flourish unchecked. There is no doubt that a much higher standard of law enforcement could be maintained in this community if vice protection could be stamped out.

Throughout the summer the grand jury heard a series of abortion cases presented by the district attorney's office. None of the presentations afforded any clues to the jury as to the manner, the means, or the personnel involved in the protection of the abortion racket. Of its own initiative and through outside operators and agencies, the grand jury was able to get to the heart of the abortion payoff system. Sworn testimony gave evidence that the industry was so well protected that it brought its patients by special airline arrangements from distant communities, including San Francisco, Fresno, and Bakersfield.

The payoffs of racketeers to law-enforcement men are made up of hundreds of small items which in the aggregate amount to a huge sum of dollars. The Guarantee Finance raid on January 27, 1949, however, exposed an item of over \$108,000, which upon sworn testimony was labeled by Charles Manaugh, accountant for the California Crime Commission, as "juice" or bribe money. There is ample evidence in the files of the grand jury that the protection they bought was in fact delivered. This was substantiated by the activities of the sheriff's office itself.

Very early in its term, the grand jury, aroused by these events and by the exposures of the crime commission's report of January 1950, made an effort to delve into the \$108,000 account but was urged by William Simpson, district attorney, to await the conclusion of the trial of Marvin Kobey and his Guarantee Finance associates, who were then in the superior court on a gambling conspiracy charge. This was a legal necessity before any further action could be taken by the grand jury.

Upon the conclusion of that trial, in which the four principals of the Guarantee Finance Co. were sentenced to San Quentin, the grand jury again determined to investigate the Guarantee payoff and urged William Simpson to request the jury that it secure a special prosecutor and investigators of its own, on the grounds that his office, as one of the three law-enforcement agencies of the county, might possibly be involved. There was some indication at that time that the investigation might be hobbled.

The district attorney did not see eye to eye with the grand jury on this request and it was denied. At that point, however, Mr. Simpson assigned two of his men, Powers and Busse, to devote themselves exclusively to the Guarantee bribery matter, which they did through the following months.

On Wednesday, December 6, in a meeting in William Simpson's office, the decision was reached to proceed with a full fledged hearing under section 923 of the Penal Code, in which the grand jury is charged with the duty of investigating the willful and corrupt misconduct in office of public officers in the county of Los Angeles.

#### THE LEAK

In order that witnesses should not be intimidated, shut up, or coached by the underworld, it was determined that no announcement of the hearing would

be made. Only seven people knew as of Wednesday, December 6, that the hearing would be initiated the following Tuesday, December 12. The members of the grand jury itself were not advised. Only its foreman and the chairman of its criminal complaints committee participated in the decision to proceed. Yet it was only a matter of hours before the underworld knew all about the proposed hearing. On Thursday, the day following the meeting in Simpson's office, Samuel Rummel, attorney for Mickey Cohen and other underworld figures and an ambitious owner of interests in gambling houses, knew of the hearing and began to get busy. Here was clear demonstration of the power of the underworld. Their successful infiltration into law-enforcement agencies was clearly demonstrated by the smooth operation of their "intelligence system."

#### THE RUMMEL SHOOTING

On Friday, December 8, the morning press ran the story of the pending grand jury investigation. On Sunday Rummel had a meeting at Forty-first and Hoover with ex-Captain Guasti and Captain Pearson, of the Sheriff's office. During the evening of the same day, Pearson and Sergeant Shaffer, visited Rummel's office, taking with them official records of the county relating to, among other matters, the Guarantee Finance affair.

It is believed in certain quarters that Samuel Rummel, who had acquired "pieces" of various gambling operations in the county, was a very ambitious man. There can be no doubt that Rummel knew all about the Guarantee Finance \$108,000 payoff fund. One of the most plausible theories of the Rummel shooting is that he may have threatened exposure of his information regarding the Guarantee case to the grand jury and as a result was found dead at his home, the victim of a shotgun blast at close quarters, the following morning (Monday), December 11.

#### THE INVESTIGATION OF THE SHERIFF'S OFFICE

The following Tuesday morning the first of six full-day hearings was held by the grand jury. During the course of those 6 days, officers and deputies of the sheriff's office, professional gamblers, nude show impresarios, investigators, altogether some 30 or 35 witnesses, were called and questioned both by Deputy District Attorney Powers and by the foreman and members of the grand jury. Significantly, those witnesses most valuable to the jury had been instructed to keep their mouths shut. The hearing developed the startling spectacle of former law-enforcement officers, now drawing pensions, declining to testify on the constitutional ground that their testimony might tend to incriminate them.

Other witnesses talked freely, and piece by piece the program of protection was outlined by their sworn testimony.

Some of the reverberations of the hearing to date include the killing of Samuel Rummel, the discharge of Captain Pearson, and the suspension of Sergeant Schaffer, both of the sheriff's office.

#### THE PATTERN

The pattern of protection begins with the tightly knit anti-vice-squad organization in the sheriff's office. Out of the 1,700 men and women employed by the sheriff, only the 22 members of the vice squad had the authority to raid and arrest vice operators. This procedure made the matter of protection far simpler than it would have been had all of the 650 uniformed men of the sheriff's department been given carte blanche to make such arrests. It was comparatively simple for the gamblers, for example, to make their arrangements for protection with the officers who controlled the vice squad. Little was left to chance.

Even the members of the vice squad itself did not have freedom to raid and arrest vice violators at will. Raids were usually made only upon issuance of complaint cards, frequently accompanied by carefully written instructions from Captain Pearson to the squad, limiting the raiding officers to a specific hour at which to make their investigation. Thus the gamblers who paid for protection were able to cover their gaming tables during the raid.

#### GUARANTEE FINANCE CASE

The Guarantee Finance case, rather fully reported in the January 1950 report of the Crime Commission, became a subject of inquiry by this grand jury in March 1950.

Sheriff Eugene Biscailuz appeared before the grand jury and in response to request for specific information he asked the jury to hear Capt. Carl Pearson, head of the vice squad. Pearson's report, later filed with the grand jury, showed that for a period of years bookmaking activities at the Florence Avenue headquarters of the Guarantee Finance Co. had been noted and were the subject of complaints arising in the neighborhood. Pearson testified to a long series of raids, stake-outs, and investigations, naming the hour and the day and the personnel that conducted each of the raids. The reports of all of these investigations had the unique characteristic that in each case the officers reported "N. V. O. (no violations observed), all dark, or all quiet." The results of these numerous investigations and stake-outs were uniformly negative.

Illustrative of the type of protection afforded to the Guarantee Finance operation by the sheriff's office was the subject of certain sworn testimony of a Los Angeles Police Department officer.

Having discovered many city "books" were mere agencies of the Guarantee, which was located in the county and outside the jurisdiction of Los Angeles City Police Department, Sergeant Fiske telephoned the captain of the sheriff's anti-vice squad and asked for "service" on the Guarantee bookmaking headquarters. Within 10 or 15 minutes the gamblers poured out of the Guarantee, took to their cars, and disappeared. Within the hour the sheriff's squad car appeared and the squad made its usual fruitless investigation. Of course "no violation was observed."

Quite the contrary was the report of a single raid made by a small squad of men from the corporation commissioner's office, which culminated in the seizure of the books and records of the Guarantee Finance Corp., statements from the four principals of the concern, as well as betting markers, and all of the evidence of gambling needed to indict, try, and convict the four principals of the Guarantee Finance Corp., who were later sentenced to San Quentin Prison.

Just prior to the corporation commissioner's raid, Sheriff Biscailuz was notified and requested to supply armed personnel to assist the men of the division of corporations. Before the grand jury, Sheriff Biscailuz testified he took no personal steps in compliance with this request but turned the matter over to Captain Pearson of the vice squad, who deliberately failed to comply with the request. No further attempt was made by the sheriff to keep in touch with the investigation or to see that the request for assistance was given prompt compliance from this office. Pearson was credited with the cryptic remark that he "did not intend to get his tail in the crack." Obviously, the type of investigations made by Pearson during the preceding months were either highly inefficient or were studiously planned to avoid exposure of the huge gambling operations conducted at the Guarantee headquarters.

The size of this operation is indicated by a figure on their books of \$108,985, carried under the caption "JC" or "juice." This fund was created by a series of assessments levied against the so-called agents of the bookmaking enterprise and by contributions from the principals of the organization. Cameron L. Handley, accountant for the Guarantee, testified that disbursements from this "juice" account were made primarily by the president, Marvin Kobey, and that it was his opinion that an illegal enterprise of that size and character could not be carried on without a protection set-up.

In spite of the large volume of publicity given to the affairs of the Guarantee Corp., no adequate investigation was ever made by Sheriff Biscailuz to determine how the illegal activities of the Guarantee Corp. were allowed to run without interruption or who, if anyone, in his department might have been the beneficiary of the so-called "juice" or protection account.

The Guarantee's Christmas list showed substantial presents given to several deputy sheriffs, yet no investigation was ever made as to whether or not their official conduct could have been influenced by the acceptance of such gifts. Kenneth A. Risbringer, deputy sheriff, testified that although he had previously had occasion to arrest Marvin Kobey on a bookmaking charge, he, nevertheless, approached him for the purposes of obtaining a personal loan of a few hundred dollars. He told the grand jury that Mr. Kobey insisted that he buy a much handsomer car and that he take a loan of \$1,800, several times the amount applied for. Risbringer gave no adequate explanation as to why he patronized Kobey in preference to the credit union sponsored by the sheriff's organization. Sheriff Biscailuz professed to have no knowledge concerning this particular transaction although the outline of the information was available in the documents seized by the corporation commissioner at the Guarantee offices.



## AN ANGEL PAID FOR THE SHERIFF'S RESERVE BADGES

When it was discovered that funds were not available through proper and authorized channels to secure new badges for the sheriff's reserve force, several witnesses testified that Capt. Al Guasti saved the situation by announcing to the reserve, "I have found an angel." Later testimony developed the fact that Hyman Ulnick provided approximately \$3,500 to defray the cost of the new badges. Ulnick, when sought as a witness by this grand jury, fled the jurisdiction and went to Las Vegas. He subsequently resisted demand for his return.

Sheriff Biscailuz professed to know nothing whatever about Ulnick's participation in the badge purchase when questioned by the grand jury. Strangely enough, however, Mr. Ulnick was issued a sheriff's badge and it was stated by other of the sheriff's personnel from the witness stand that he was a friend of Captain Guasti's.

## FOLLOW THE CARD OR ELSE

Illustrative of the type of control the vice squad command had over its men was the case where Acting Sergeant Campbell testified he was given a complaint card respecting a gambling operation on Hilldale Avenue in the western part of the city. He staked out at the address, late in the evening, and noticed that several visitors arrived at the house in question only to be turned away. He then followed a group of visitors and arrived at a 'spot' on Cory Street where he discovered gambling in full operation and proceeded to gather evidence and make arrests.

His reward for this initiative was severe criticism by his superior officers for exceeding the instructions on the complaint card. While he was at the Cory Street address he received a telephone call from a person he believed to be Al Guasti, telling him that he should have limited his activities to the address on Hilldale, and was instructed to make his written report of the raid read as if it had occurred on Hilldale.

Neither the sheriff or the under sheriff, on the witness stand, admitted knowing anything about the manner in which vice investigation and arrests were so limited in their scope.

## 920 ATLANTIC BOULEVARD

Deputy Sheriff Mike Kapic testified that in the course of a bookmaking investigation he found a "live" spot in full operation at 920 Atlantic Boulevard, where he arrested five persons and seized full evidence of an active bookmaking operation.

He further testified that upon calling his superior, Captain Pearson, on the telephone, he was pulled off the job and told that it was a mistake and was instructed to return the evidence, allow the operation to resume, and withdraw with his men. Kapic's testimony was verified by another officer of his detail, Deputy Gardner, and in part by Officer Campbell. Pearson's excuse for thus embarrassing his officers was that he had an informer in the establishment.

Acting on Pearson's order, Sergeant Kapic falsified the records of the sheriff's substation, by omitting all reference to the incidents related above, which occurred on June 10, 1948. Evidence in the superior court indicated that 920 Atlantic was a Guarantee "spot."

## THE PICO PALACE RAID

Sgt. David Campbell testified that, acting on a complaint card from his superior, he made an investigation and several arrests at a so-called stag show at Pico Palace in East Los Angeles; he obtained ample evidence, seized the gambling equipment, and after loading the crap tables, slot machines, etc. on a truck, he received telephonic orders not to touch the equipment but to unload it and return it to the proprietor.

Campbell protested that this would place his squad in a very unfavorable light in the presence of several hundred people who were patronizing the Pico Palace show. The problem was compromised in this fashion. Campbell delivered the equipment to the vice squad headquarters on North Hill Street where his own personnel unloaded it and loaded it back on the truck supplied by the arrested gambler, thereby surrendering his evidence by the orders of his superior.



## EXHIBIT NO. 1

Indicative of the care with which protection was delivered, Sergeant Campbell further testified that he frequently received written instructions from Captain Pearson in addition to the complaint card. He produced such an instruction, which is entered in evidence as grand jury exhibit No. 1, which reads as follows:

"CAMPBELL. Re: Lewd show Friday, June 18. Have the men you select enter the place just after 10 p. m. and remain during the show. There will be no games conducted during this time to embarrass the officers.

"All that we will concern ourselves about will be that the show is within the law.

"C"

This instruction, later confirmed by Captain Pearson as being written by him in his own handwriting, convinced the grand jury that certain places were the subject of investigations only at a particular time and that at such times the gamblers, having been warned, would have their gambling equipment covered so that the officers "would not be embarrassed." Mere possession of certain gambling equipment was not illegal.

## THE LOST RECEIPT OF SAMUEL RUMMEL

Deputy Sheriff Campbell testified that he made a raid on a gambling establishment in Burbank run by one Sol Davis, an alleged henchman of Mickey Cohen. Arrests were made. Quantities of valuable gambling tables and equipment were seized and something in excess of \$8,500 in cash and checks was gathered up by the officers. Subsequently and apparently as the result of careful negotiation, Sol Davis pleaded guilty to a misdemeanor, whereupon the \$8,500 and the far more valuable gambling tables and equipment were returned by the sheriff's office. To complete its records Deputy Sheriff Schaffer personally took a receipt to the office of Samuel Rummel, attorney for Sol Davis, for his signature. Schaffer testified that he delivered these receipts, signed by Rummel, to the sheriff's files but when they were requested as an exhibit in evidence before the grand jury, Captain McDonald of the sheriff's record bureau testified that while such receipts should be filed not only with his department but also in the vice-squad offices, he was unable to produce either copy.

The grand jury's legal adviser informed them that proper procedure would require the Davis money and equipment to be returned only pursuant to a court order following a hearing.

Sheriff Biscailuz professed to know nothing whatever about this matter when questioned by the grand jury. There was no testimony whatever as to any investigation of the sheriff's personnel as to who might have benefited from the transaction.

## STAG SHOW GAMBLING

A common form of entertainment permitted to operate throughout the county is the combination of a girl show, used as a come-on for gambling operations. The 10 o'clock show was described as the ordinary strip tease, postage-stamp costume act, but the 12:30 o'clock show was seldom, if ever, investigated. The gambling set-up usually employed crap tables, chuck-a-luck, blackjack, and a dozen or more slot machines. From 200 to 500 customers paid \$1 admission, but their real contributions were usually made over the green tables where the take ran into the thousands on a good night.

Robert Clark Collins, a former stag-show operator, in sworn testimony told the grand jury that for a period he attempted to operate without "juice" or protection but that his shows were raided and his operators arrested. Thereafter he was told that by payment of \$100 per night he would not be bothered by the vice-squad officers or the sheriff's department.

Collins testified that he entered into the protection program and thereafter paid \$100 per night to George Bates and that during that time he was unmolested for the most part. One exception occurred when he was knocked over in spite of his payments. Upon complaint to Bates an appointment was made and he met Bates in the back room of the Guarantee Finance Co.'s office. Bates' only explanation was that there had been "a slip in the sheriff's office."

When subsequently Collins attempted to operate on a "sneak basis," that is, without payment of protection at \$100 per night, he was again raided and arrested.

These shows frequently employed sheriff's officers as guards, sometimes in uniform. It was not established that these guards were included in the \$100 payments to Bates. They were paid additional compensation.

Bates was known both as George Bates and George Dalby and was identified by T. Kirk Hill as an employee of his firm for many years. The man in question was well known to prominent figures in the sheriff's office.

As of the date of his last appearance before the grand jury the sheriff stated he had made no investigation as to who may have benefited by the payments made to Bates.

#### GEORGE BATES DALBY

One of the first subpoenas issued by the district attorney in connection with the grand jury investigation of the sheriff's office was issued for one George Bates Dalby, known both as George Bates and as George Dalby. The district attorney process server reported that Mr. Dalby pulled out of his driveway in a high-powered Cadillac and successfully eluded service. Dalby escaped the jurisdiction and fled to Las Vegas, Nev., and at no time during the next 30 days was it possible to secure his appearance before the grand jury.

His employer, T. Kirk Hill, testified that "Bates" had been in his employ for many years as a "public relations man," that he had paid him a salary of \$225 a month throughout those years. Kirk Hill's testimony was that while he knew Bates as a gambler, he used him primarily as a labor coordinator. He also testified that Bates was able to buy a \$25,000 home, partly financed by a loan from Mr. Hill in the amount of \$15,000; that at one time Bates and Hill were associates in a bowling alley enterprise and that subsequently he knew Bates to be the owner of a string of race horses.

The grand jury requested T. Kirk Hill, as the man's employer, to produce Bates, a highly important witness. Subsequently Hill reported that he had several meetings with Bates, both on the telephone and at his home, but the latter was unwilling to appear voluntarily before the grand jury for fear that he would "get what Rummel got." Bates did not wear the sheriff's badge but strangely enough, in spite of a long record of arrests in this county over a period of years, he was granted a sheriff's permit to carry a gun. Lieutenant Palmer of the sheriff's department testified that Bates' permit was issued upon the original recommendation of Capt. Al Guasti and a subsequent O. K. of the application by "EWB-Jack," undoubtedly referring to the sheriff. Such an application bears the fingerprints of the applicant on its reverse side and following the usual procedure these prints were supplied to the FBI, whose report details the long list of Bates' arrests for various offenses, including gambling, etc. In spite of this schedule of the man's criminal record, his permit to carry a gun in Los Angeles County was not revoked until after the matter had been brought to light in the grand jury.

Sheriff Biscailuz, in his testimony before the grand jury, professed to know nothing whatever about this matter.

This George Bates or George Dalby is the same man, whom other witnesses identified as the receiver of regular sums of money paid for protection to run gambling operations unmolested in the county. It was reported by the grand jury's investigator that the Cadillac automobile used by Al Guasti was in fact registered in the name of George Dalby.

#### FEAR OF INCRIMINATION

Your grand jury has been obliged to be content with some of the smaller evidences of "the fix" in Los Angeles County law enforcement. Material witnesses whose testimony is required to break out the larger aspects of the case, some of whom could have told of the receipts and distributions of the \$108,000 "juice" account of the Guarantee Finance, relied on their constitutional immunity.

Ex-captain Al Guasti, now on county pension, testified as to a few matters. For example, that although he was nineteenth on the civil-service list he was promoted to a captaincy in the sheriff's department over the heads of 18 others. However, when questioned as to such matters as the Guarantee Finance case, his relationships with Bates, or with Dave Rubin, Guasti stated he declined to answer the questions on the ground that his testimony might tend to incriminate him.

Ex-Captain Carl Pearson, member of the sheriff's organization since 1924, and whose employment recently approached his pension date, refused to answer most of the important questions on the ground that his answers might tend to incrimi-

nate him. Pearson, however, identified grand jury exhibit No. 1 in this investigation as being written by him in his handwriting. He further testified that upon his dismissal by Sheriff Biscailuz he said, "That is what you get for loyalty" and said that in that statement he referred to his loyalty to Capt. Al Guasti.

Ex-Captain Lorenson, formerly of the Los Angeles Police Department, now on pension, testified that he was a friend of the Guarantee Finance principals. Kobey, et al. In response to direct questions, Lorenson admitted that he, and an associate, were permitted to purchase a liquor license from the State Board of Equalization for around \$500, which they resold within 1 month for something over \$12,000. He refused to answer further questions on constitutional grounds.

Jesse D. Watson, retired Los Angeles police officer (now on pension), testified that he had known Dave Rubin for 20 years, that he had known Al Guasti about the same period of time, and he had known George Bates-Dalby for 10 or 15 years. He also testified as to his acquaintance over many years with Marvin Kobey, head of the Guarantee Finance Corp., and James Contratto. In response to all pertinent questions regarding the program of vice protection in this county Watson declined to answer on the ground that his testimony might tend to incriminate him.

#### IN CONCLUSION

No evidence has been presented to the grand jury which has shown that Sheriff Eugene Biscailuz personally profited by any protection payoff operating in his department. It is equally true, however, that he has given the grand jury no evidence of any adequate investigation carried on by his orders in his department regarding the charges and rumors which have been circulated about his administration throughout the last few years. He testified that on several occasions he asked members of his organization if they were guilty of rumored charges and that in each case he accepted their denials. This seems wholly inadequate, particularly when it is recalled that one of the sheriff's important departments is staffed with trained detectives and investigators who are available to run down such matters.

The sheriff testified that his friends had urged him to clean up his staff but that not of them had offered him any proof.

Failure of the sheriff to supply armed guards in response to the division of corporation department's request in connection with their Guarantee raid is wholly unexplainable. There appears to have been no evidence of assistance to the district attorney's staff in the preparation of the Guarantee Finance case. Ironically, the sheriff selected Captain Pearson to appear before the grand jury in the spring of 1950 when the vice squad was under criticism in the crime commission's report on the Guarantee case.

When the present grand jury investigation was barely under way the sheriff issued a public statement to the press, in which he said, among other things, "I do not intend to be silent when baseless insinuations are made." He stated further, "The public are entitled to know the facts, not in secret session before the grand jury, but to have an open public session where the public and the press may be invited and can hear from me personally a full accounting as their sheriff."

Mr. Biscailuz had not been on the stand many minutes before he withdrew his request for a public hearing. He learned many damaging facts regarding some of the personnel and methods of his office and stated that although some of the matters had been previously called to his attention he had made no searching investigations and had brought no disciplinary actions whatever.

As the cumulative testimony of many witnesses developed the pattern of vice protection, Sheriff Biscailuz, somewhat belatedly, revamped his antivice squad, discharged Pearson, and made a beginning at house cleaning. While these are probably the only substantial steps taken within that organization in many years, it is, in the opinion of the 1950 grand jury, a mere beginning. Among other things, the vice squad's exclusive functions should be eliminated. A bureau of internal affairs, by whatever name it may be called, should be charged with the responsibility of the investigation and discipline of any officer whose actions have tended to bring the sheriff's department into disrepute, rather than permit such unchallenged reports to continue to reflect on the integrity of honest people in the sheriff's department.

It is suggested that such a bureau should carefully study the testimony of Capt. William Deal, Lt. James Pascoe, Sgt. Michael W. Kapic, Deputy Kenneth A. Risbrdiger, and Jacob Siu.



Your Honor will note from reading this report that despite the enormous amount of work involved in preparing the hearing, evidences of direct bribe taking are almost wholly lacking on the more important aspects of the investigation. Powerful forces in the underworld and reliance upon constitutional privilege have prevented our accomplishing all of the objectives of the investigation. It is hope that a long-suffering public, many individuals of whom have from time to time undoubtedly had information of value to our investigation, will be sufficiently stirred up by this picture of current affairs in law enforcement to report to the district attorney of this county or the 1951 grand jury any evidence pertinent to the business of law enforcement in Los Angeles County.

Respectfully submitted.

Carey S. Hill, foreman, Mrs. Ethel G. Atkinson, J. S. Craig, Frank E. Dolph, Guy C. Earl, Jr., Van M. Griffith, Mrs. Catherine J. Harger, Herman Hill, Mrs. Elba Dundas Humphreys, Walter Luer, Robert G. Maynard, Mrs. Jane S. McHenry, Elias Munz, Charles A. Newton, William John Ripling, Mrs. Moisselle L. Robison, James E. Shaw, Mrs. Ruth F. Strong, members of the grand jury present at the hearings who concur in this report.

The CHAIRMAN. Our next witness will be Al Guasti.

Mr. Guasti, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GUASTI. I do.

### TESTIMONY OF AL GUASTI, FORMERLY CAPTAIN IN THE SHERIFF'S OFFICE, LOS ANGELES COUNTY, CALIF.

The CHAIRMAN. You are Al Guasti?

Mr. GUASTI. Yes.

The CHAIRMAN. You testified before this committee, when we were here on November 18, 1950; is that correct?

Mr. GUASTI. Yes, sir.

The CHAIRMAN. You had been a captain in the sheriff's office and you retired on May 1; is that correct?

Mr. GUASTI. That is correct, sir; yes.

The CHAIRMAN. Your special detail included the antisubversive squad, the gangster squad, and the training program of the reserve deputies?

Mr. GUASTI. That is right.

The CHAIRMAN. You had been with the sheriff's office 26 years and 1 month; is that correct?

Mr. GUASTI. That is right; yes.

The CHAIRMAN. What have you been doing since you retired from office?

Mr. GUASTI. I worked for a while with the regional director of the CIO-UAW, and then I had a bar for a while out on West Eighth Street.

Mr. RICE. I think you were probably present a few minutes ago when Mr. Hill spoke about a meeting that took place immediately before the Rummel shooting, between yourself and Captain Pearson. What was that about? Tell us about that.

Mr. GUASTI. On a Sunday morning or a Sunday around the noon hour—

The CHAIRMAN. About December 8, was it?

Mr. GUASTI. I think it was the 10th. It was a Sunday, the 10th, I think. I think Rummel was killed on the 11th.



Mr. RICE. Yes.

Mr. GUASTI. I received a call from Mr. Rummell and he asked me if I was going to be home and I said, "Yes." He said he would drive by the house in about 20 minutes.

Mr. RICE. You mean you received a telephone call from him?

Mr. GUASTI. Yes.

Mr. RICE. From Sammy Rummel, I mean?

Mr. GUASTI. Yes; from Mr. Rummel.

Mr. RICE. What did he tell you?

Mr. GUASTI. He said, "Are you going to be home?" I said, "Yes." He said, "I will be by in about 20 minutes."

Mr. RICE. Is he a friend of yours?

Mr. GUASTI. I have known him for probably 10 or 12 years. He was an attorney here in town. Then, in about 20 minutes, and the time I am not clear on, but I believe it was after 12 o'clock and he came into the house.

Mr. RICE. Into your house?

Mr. GUASTI. Into my house, yes. He said, "What about this grand jury investigation?" I said, "I don't know anything about it." He said, "I have got a little information about some people that are going to testify before the grand jury." He mentioned the name of Morris, I believe, and another witness by the name of Lee. I said, "They don't mean anything to me. I don't know these people."

The conversation went on and he said, "I broke that case in the paper about the grand jury going into the second phase of the Guarantee Finance Co."

Mr. RICE. What was his conversation about these witnesses? Did he say he had some information about some witnesses?

Mr. GUASTI. That they were going to testify before the grand jury.

Mr. RICE. What business was that of yours and his?

Mr. GUASTI. Well, it was no business of mine because he didn't tell me what they were going to testify about. I said, "I don't know them," or I said, "I don't know anything about them."

Mr. RICE. My point is why was he consulting you, in connection with that matter?

Mr. GUASTI. It was public that I was going to testify or be called before the grand jury.

Mr. RICE. That you would be called before the grand jury?

Mr. GUASTI. Yes; it was all in the papers. However, I had not been served with a subpoena at that time. He said, "If I can be of any help to you I will be glad to do it," and from that I drew the conclusion that he wanted to represent me. I said, "No; I have an attorney, you know that." I then stated, I said, "Maybe some of this stuff that you have may be of interest to Pearson. He knows more about those things than I do." So he said, "O. K.; get a hold of him." I called Pearson and had him drive halfway between his place and my place and he drove halfway and it was sort of a meeting place down at Hoover, Forty-first and Hoover.

Mr. RICE. You mean you met out on the street?

Mr. GUASTI. On the street corner; yes.

Mr. RICE. You and Rummel went in one car?

Mr. GUASTI. Yes; we went in Rummel's car. His car was there and we drove down there in his car. Shortly after we arrived there

Pearson drove up. We were still rolling when he drove by and he drove around the corner on Forty-first, I believe it was. We parked on Hoover and walked around the corner and talked to Pearson, oh, I imagine 5 or 10 minutes.

MR. RICE. Where were you talking, out on the street corner?

MR. GUASTI. No; in Pearson's car.

MR. RICE. I see. Why didn't you meet in one house or the other or something like that?

MR. GUASTI. We lived quite a distance apart. It was a Sunday. Pearson lives way out in the southwest part of town and I live over in the northwest part so we kind of met there.

MR. RICE. Generally, people go to church on Sunday. Was this an urgent meeting that caused you to get together this way?

MR. GUASTI. The urgency of it was that during this conversation he said something about having to go to Palm Springs the next day.

MR. RICE. Who was this talking?

MR. GUASTI. Mr. Rummel.

MR. RICE. I see.

MR. GUASTI. He was going to take his mother to dinner that night, too, and the next morning he promised his wife that he was going to take her to Palm Springs for a few days. So we did meet Pearson and Pearson said, "I can't tell you anything. I have got a file that I kept and built up on this case."

MR. RICE. He could not tell you anything about what?

MR. GUASTI. I don't know what was in the file.

MR. RICE. You say that you met Pearson. What did you and Rummel and Pearson talk about at the outset? What was your purpose for the meeting? What was the premise for the meeting with him?

MR. GUASTI. He was going to discuss this Guarantee Finance hearing before the grand jury.

MR. RICE. Who was?

MR. GUASTI. Rummel was. He had some information, as he put it.

MR. RICE. He was going to get or be in the position of being a witness?

MR. GUASTI. No; that he obtained information about other persons who were going to testify before the grand jury.

MR. RICE. I don't follow that at all. I do not see what that would have to do with him as a lawyer.

MR. GUASTI. I don't either, sir.

MR. RICE. Or you fellows.

MR. GUASTI. He might have been looking for a client; that is the only supposition I can deduct from it.

MR. RICE. Mr. Rummel needed clients so badly that he had to get you fellows out on a Sunday; is that right?

MR. GUASTI. I don't suppose that is it.

MR. RICE. What was the real reason for your getting together?

MR. GUASTI. That is all I know.

MR. RICE. Tell us about it, Mr. Guasti.

MR. GUASTI. Just exactly what I told you, sir; he just called me.

MR. RICE. Tell us the conversation when you got there, as best as you can recall.

MR. GUASTI. I have related as best as I can recall that he had some information about some witnesses that were going to testify before

the grand jury. He mentioned the names. I said, "They don't mean anything to me. I don't know." Then he went into the statement that he was the one that broke the case in the newspapers the Thursday before.

MR. RICE. Possibly I am confused. That doesn't add up to very much to me, Mr. Guasti. You have here a couple of men meeting, a lawyer calling a couple of police officers out on a Sunday to tell them he had some information about a grand jury.

MR. GUASTI. About the grand jury investigation.

MR. RICE. Was he offering to help you fellows as officers, was that the idea?

MR. GUASTI. I don't know that is what he offered. He said, "Anything I can do to help you I will be glad to do."

MR. RICE. Was he helping you or was he looking for a client?

MR. GUASTI. Well, you can say that if he had information and knew what was going on; I didn't know what the grand jury was going to talk about.

THE CHAIRMAN. You know that he wouldn't be interested in helping you in the grand jury. He never did help the prosecution of a case, did he? He was always on the other side.

MR. GUASTI. That is right.

THE CHAIRMAN. Why were you fooling with him? He wasn't going to help you make a case against these people, was he?

MR. GUASTI. No.

THE CHAIRMAN. You were out going over things with a man who would be representing the other side of the situation.

MR. GUASTI. He would be representing someone who would be indicted; something of that kind; yes.

THE CHAIRMAN. Why would you be doing that, taking up the matter with the other side surreptitiously out on a street corner?

MR. GUASTI. The only thing I know is he called up and said that he was coming by. He didn't tell me what he was going to talk about.

THE CHAIRMAN. Every time that a defendant lawyer wants you to meet him on the street corner do you go out and talk with him?

MR. GUASTI. This was at my home. We met Mr. Pearson at Forty-first and Hoover.

THE CHAIRMAN. You bring them over to your home to go over the case with the side that is going to be investigated; is that right?

MR. GUASTI. I didn't know what he was going to talk about.

MR. RICE. Did he talk about the fact that he might have information to blow the lid off or what you might call blow the whistle?

MR. GUASTI. Yes.

MR. RICE. Are you sure about that?

MR. GUASTI. Yes.

MR. RICE. What did he talk about?

MR. GUASTI. All he did say was that he knew who was going to testify before the grand jury.

MR. RICE. Did he ask you if you knew?

MR. GUASTI. That he knew; he knew some of the witnesses who were going to testify.

MR. RICE. You want us, then, to believe that you fellows were all out on a Sunday to find out that Rummel knew who was going to testify?

MR. GUASTI. That is right. It didn't start that way, but developed that way, yes.

Mr. RICE. How long did you talk to him?

Mr. GUASTI. Well, I imagine at the house there it was about 5 or 10 minutes. I called Pearson and he drove in and I drove or Rummel drove toward Hoover and Forty-first Street, and he drove in and we met there and were there practically 5 or 10 minutes.

Mr. RICE. If Pearson was all this distance away, how come you didn't call him on the telephone and tell him that the man had an idea and he knew some of the witnesses, who would they be. If it was so important, such important information why didn't you call him on the telephone? Why was it necessary to meet face to face or person to person?

Mr. GUASTI. I can't answer that. I just called him up and went down with him. I didn't know whether Rummel knew Pearson or not. He may have known him or may not have known him. I don't recall if there was any reason. He met him there at Forty-first and Rummel and Pearson talked and the same names came up and he said, "They don't mean anything to me." But he said, "I will get my records." That is when they set up the meeting that night.

Mr. RICE. Now, we are getting somewhere. He and Pearson talked and they mentioned some names of the prospective witnesses?

Mr. GUASTI. That is right.

Mr. RICE. Then what did Pearson say?

Mr. GUASTI. He said, "They don't mean anything to me. I don't know whether they are involved in here or whether I have a record of them." He said, "I have got that file." He had a file that he kept because of the continual inquiry about this. I said, "I can get that file and go through that and see what it amounts to."

Mr. RICE. He was talking then of taking his official file and talking it over with Rummel?

Mr. GUASTI. His file; yes. As I understand it, it was his personal file that he had compiled in the course of this investigation, which has been going on for some time.

Mr. RICE. His personal file?

Mr. GUASTI. Yes; information that he compiled himself. It wasn't the regular records of the department. They are kept in the record bureau, though.

Mr. RICE. But it related to racketeers, hoodlums, bookmakers, and people connected in criminal ventures?

Mr. GUASTI. I think it was all, as I understand it, around the Guarantee Finance case.

Mr. RICE. You mean his file relating to the Guarantee Finance case?

Mr. GUASTI. Yes; when he appeared before the grand jury, and so forth.

Mr. RICE. He volunteered to produce this information and make it available to Mr. Rummel and to discuss it with him?

Mr. GUASTI. That is right.

Mr. RICE. Now, we are departing from the theory that Rummel was out there seeking clients. What do you say now was his reason for talking to you?

Mr. GUASTI. I don't know.

Mr. RICE. Does that change your mind any?

Mr. GUASTI. I don't know.

Mr. RICE. Do you still think he was looking for clients?



MR. GUASTI. I think so because he has defended many officers in that type of a proceeding.

THE CHAIRMAN. You say he defended many officers?

MR. GUASTI. Yes.

MR. RICE. Do many officers need defending here?

MR. GUASTI. Thirty-eight did.

MR. RICE. Thirty-eight officers needed defending?

MR. GUASTI. I mean that he did defend and that he has defended in the past.

MR. RICE. On what charges?

MR. GUASTI. Various charges; I don't recall them all.

MR. RICE. Now, arrangements were worked out, I take it, whereby they were to get together later?

MR. GUASTI. Later that evening; yes.

MR. RICE. And Pearson would get his file?

MR. GUASTI. He would get the file, yes; and I think he said he would call Schaffer and pick up the file, and they agreed——

MR. RICE. Call who?

MR. GUASTI. Schaffer.

MR. RICE. Who is he? Is he the sergeant on the vice squad?

MR. GUASTI. Yes.

MR. RICE. Where was Sergeant Schaffer to get the file?

MR. GUASTI. I don't recall where he was. I didn't talk to him, but I imagine he got him at home.

MR. RICE. At Schaffer's home?

MR. GUASTI. Yes.

MR. RICE. So that we now have a situation where the officer has a personal file about crime, Captain Pearson, which he keeps in another officer's home; is that right?

MR. GUASTI. No. He called Schaffer. Schaffer drove by the office, as I understand it, and picked it up. That is what I understand.

MR. RICE. You say he went by the office to pick it up?

MR. GUASTI. Yes.

MR. RICE. It was maintained at the office then, Pearson's file?

MR. GUASTI. Yes.

MR. RICE. That is the sheriff's office you are referring to?

MR. GUASTI. That is right. The vice squad is where I understand he picked it up.

MR. RICE. Then what happened?

MR. GUASTI. The time was set, I believe, at 8:30 that evening in Mr. Rummel's office.

MR. RICE. For them to meet; is that right?

MR. GUASTI. Yes. Then we returned. He drove me back to my home and that is the last time I saw Rummel.

MR. RICE. Again, what was the urgency of this meeting taking place on a Sunday and a Sunday night? You have Rummel going over on some other matter to Palm Springs the next day.

MR. GUASTI. He was going to Palm Springs with Mrs. Rummel.

MR. RICE. Tell us about the urgency of the situation. What was the urgency of it?

MR. GUASTI. I don't know.

MR. RICE. You were there, weren't you?

MR. GUASTI. Yes, sir; I was there.

Mr. RICE. What did he say?

Mr. GUASTI. There was no urgency. As near as I can recall what he said what I have just told you.

Mr. RICE. What was the reason for these officers being so accommodating that they would come out on a Sunday? Were they in the habit of doing that, furnishing information to a lawyer on Sundays?

Mr. GUASTI. I don't think so, but if anybody has any information I will always go for it.

Mr. RICE. You will always give it to them?

Mr. GUASTI. I will always get what they have.

Mr. RICE. But this was on the other foot. He was seeking information from you?

Mr. GUASTI. No; he had the information.

Mr. RICE. Who did?

Mr. GUASTI. Mr. Rummel did.

Mr. RICE. What was the file produced for?

Mr. GUASTI. The what?

Mr. RICE. The file.

Mr. GUASTI. I don't know anything about that end of it. That was a transaction between Mr. Pearson and Mr. Rummel. I had nothing to do with that file.

Mr. RICE. You say you don't think Rummel knew Pearson before then?

Mr. GUASTI. I don't know if he did or did not.

Mr. RICE. Did you introduce them when you met?

Mr. GUASTI. When they got there they did know each other; yes. I said, "This is Rummel," and he said, "Yes, I know"; and so that was the end of that.

Mr. RICE. So that they had met before and it wasn't a situation where they got so chummy that Pearson was volunteering to produce a file for the benefit or Rummel?

Mr. GUASTI. Oh, no.

Mr. RICE. Did you ever receive any money from Rummel?

Mr. GUASTI. No, sir.

Mr. RICE. Either directly or indirectly?

Mr. GUASTI. No, sir.

Mr. RICE. Are you sure about that?

Mr. GUASTI. Positive; yes.

The CHAIRMAN. While you are on the Rummel matter, how would the information that Rummel had some facts or some allegation that he had told you all about, how could that have gotten out to somebody else?

Mr. GUASTI. I don't quite follow you, Senator.

The CHAIRMAN. You and Pearson and also Schaffer were in on the conversations with Rummel?

Mr. GUASTI. Yes; I was never present when Schaffer was present, though.

The CHAIRMAN. Schaffer brought the file out; he knew what it was all about, didn't he?

Mr. GUASTI. Yes.

The CHAIRMAN. You and Rummel and Pearson talked; here is the head of the vice squad getting out his file and going over to see a man who is going to represent the defendants, apparently. Who else was there at that time?

Mr. GUASTI. No one.

The CHAIRMAN. Just the three of them?

Mr. GUASTI. That is right.

The CHAIRMAN. How would it have gotten known that the three of you had talked matters over?

Mr. GUASTI. I think Pearson told his superior officer or told Inspector Bowers that he had talked to Mr. Rummel.

The CHAIRMAN. But Rummel was killed either that night or early the next morning.

Mr. GUASTI. It was supposed to be that morning; yes. As I recall. I think they established the time at around 1 or 1:30 in the morning.

The CHAIRMAN. Tell me again, who was it that met out on the street corner? You and Pearson or you and Rummel?

Mr. GUASTI. Rummel, Pearson, and myself, sir.

The CHAIRMAN. Did you all go into the same car?

Mr. GUASTI. Yes, sir.

The CHAIRMAN. Whose car did you get into?

Mr. GUASTI. Pearson's car then.

The CHAIRMAN. Anyone could have seen the three of you together; is that right?

Mr. GUASTI. Oh, yes.

The CHAIRMAN. How far did you drive?

Mr. GUASTI. We didn't drive at all; we stayed right there.

The CHAIRMAN. You sat in the car right on the street and talked?

Mr. GUASTI. Just for about 5 or 10 minutes.

The CHAIRMAN. I thought you said you went over to your home.

Mr. GUASTI. No. Then we returned after the conversation. Pearson left and we got back into Rummel's car and he drove me back by my house and dropped me off and that is the last I saw of Rummel.

The CHAIRMAN. How far was this place where the three of you talked on the street corner to your house, to which Mr. Rummel drove you?

Mr. GUASTI. I imagine it was 5 or 6 miles, approximately. It was down by the Coliseum.

The CHAIRMAN. Was Rummel doing the driving?

Mr. GUASTI. Yes; it was his car.

The CHAIRMAN. Did you see any people along the way that you and he knew?

Mr. GUASTI. I don't recall seeing anyone that I knew. It was during the day and there was a lot of traffic on the street.

The CHAIRMAN. Then he dropped you off at your house and then you came back and met at the office that night?

Mr. GUASTI. I did not appear again in the picture.

The CHAIRMAN. Who was it that met at his office that night?

Mr. GUASTI. Pearson and Schaffer.

The CHAIRMAN. Do you know who else might have been there?

Mr. GUASTI. No, I do not.

The CHAIRMAN. It is quite apparent to you, isn't it, Mr. Guasti, that you are meeting together and something in connection with information caused him to get knocked off; isn't that quite apparent to you?

Mr. GUASTI. I can't go along with that theory, sir.

The CHAIRMAN. What is your theory then?

Mr. GUASTI. I think there was a double-cross somewhere along the line, but I have no proof or anything like that.

The CHAIRMAN. A double-cross; what kind of a double-cross do you mean?

Mr. GUASTI. I can't answer that. That is generally why those things do happen.

The CHAIRMAN. Doesn't it seem to be a strange coincidence that he met with you and got the files down to you and went over the files with you and, apparently, he was going to give you some information or blow the lid off, or, anyway, get something fixed up with you officers, or whatever it might have been. When he got home that night or early the next morning he got killed. Do you think that is a strange coincidence that he got killed right after your conversations with him?

Mr. GUASTI. Strange, yes.

The CHAIRMAN. Did you investigate the case?

Mr. GUASTI. No.

The CHAIRMAN. You were not on the police force, then, or in the sheriff's office?

Mr. GUASTI. No.

The CHAIRMAN. It is strange also that they can't find out anything about who did it, don't you think?

Mr. GUASTI. From my experience, sir, they are awfully tough cases to break.

The CHAIRMAN. Is there anything else?

Mr. RICE. Yes. In that opening conversation, that telephone call that you had with Rummel, did he tell you he was representing someone?

Mr. GUASTI. No; he did not.

Mr. RICE. Did you get the impression he was acting on behalf of someone, a client?

Mr. GUASTI. No; I didn't gain that impression.

Mr. RICE. During the conversation was the name "Curley Robinson" mentioned?

Mr. GUASTI. No.

Mr. RICE. Are you sure about that?

Mr. GUASTI. Positive.

Mr. RICE. Who were the witnesses he was talking about?

Mr. GUASTI. I don't know who they were; I found out that one of them, as I understand it, was a man by the name of Morris, who did testify before the grand jury. I don't recall a man by the name of Lee testifying before the grand jury. I think that was the other name he mentioned.

Mr. RICE. What was his concern about these witnesses?

Mr. GUASTI. I don't know. I didn't go into the facts, only that they were going to testify.

Mr. RICE. This seems to be very inadequate that you would have a conversation and not find out more about what was going on than you did. You are a police officer or were; is that right?

Mr. GUASTI. Yes. There was nothing of any interest that they had that I was interested in.

Mr. RICE. You were only interested to the extent that you would meet with him on a Sunday and go take a ride with him and, if necessary, introduce him to another officer to produce files for him?



Mr. GUASTI. I didn't have anything to do with the files and didn't know any files were going to be produced.

Mr. RICE. You produced Captain Pearson for him?

Mr. GUASTI. That is correct.

Mr. RICE. You definitely accommodated him in that respect by calling Captain Pearson?

Mr. GUASTI. Yes; that is right.

Mr. RICE. I think you heard some testimony from Mr. Hill about the purchase of badges, reserve badges. What was the story on that? What did you have to do with that?

Mr. GUASTI. I was in charge of the reserve officers.

Mr. RICE. They were under you, were they?

Mr. GUASTI. Under my command.

Mr. RICE. And they needed badges; is that right?

Mr. GUASTI. They needed replacements; yes. They had some badges that were mutilated and old and were made during the war and they were four or five different shapes.

Mr. RICE. These are the metal badges that you are talking about?

Mr. GUASTI. That is right. We had an ordinance changed so it would relieve the confusion of too many badges over in our office. We had many different types of badges, badges for the aerial squadron, for the posse, and badges all over the place. There was an ordinance passed where the auxiliary unit would all have the same badge; the whole office would have the same badge. That ordinance was passed but when it came time to purchase the badges the county refused to purchase them.

Mr. RICE. There were no funds available from the county?

Mr. GUASTI. That is right.

Mr. RICE. Then what happened?

Mr. GUASTI. Then a man who is deceased, a man by the name of Harvey Striffe, talked to me about it one time.

Mr. RICE. What was his business?

Mr. GUASTI. He was the adjutant or captain or the secretary of this reserve group.

Mr. RICE. He talked to you about the badges, did he?

Mr. GUASTI. Yes.

Mr. RICE. What became of that?

Mr. GUASTI. He, if I recall, and it is not too clear, it was that they could purchase the badges and that they had enough money to buy the badges. They had, as I recall, about \$10,000 in their fund or that they could get someone to buy the badges.

Mr. RICE. Or what?

Mr. GUASTI. They could get someone to buy the badges. If they couldn't get someone to buy them they would buy them themselves. He made the contact, Mr. Striffe, with, I believe Entemann.

Mr. RICE. Who is he?

Mr. GUASTI. He is the manufacturer of badges and jewelry.

Mr. RICE. Carl Entemann?

Mr. GUASTI. Yes.

Mr. RICE. Who made the contact?

Mr. GUASTI. Mr. Striffe. He made a deal with him where they would allow him so much for the return of the badges, as I understand it. This is all stuff that is hearsay, as far as I am concerned. Also

that be obtained a price on the badges, which was fair, and then one day he came up to me and he said, "If you will call Allie, and tell him—tell him to go ahead with the badges," he said, "We will go on and have the badges made."

Mr. RICE. What did you have to do with it? We understand that badges were ultimately obtained. Did you have any contact with a man by the name of Ulnick?

Mr. GUASTI. No, I didn't. I know who Ulnick is.

Mr. RICE. Who is he?

Mr. GUASTI. A retired police officer from the city of Detroit.

Mr. RICE. Who lives here in this area?

Mr. GUASTI. Yes.

Mr. RICE. What was he doing around here?

Mr. GUASTI. He had furnished me with quite a bit of information on the Purple Gang and was working with Lieutenant Vignol, who was then head of the gang squad, which I had charge of.

Mr. RICE. Was he an informant here?

Mr. GUASTI. He worked with the lieutenant.

Mr. RICE. Did he have any business?

Mr. GUASTI. I think at one time he had a card shop, one of these card places down on Sixth Street, Sixth and Hill. I believe it was.

Mr. RICE. He had a card place, you say? Did he have anything to do with these badges?

Mr. GUASTI. Not that I know of.

Mr. RICE. In any event, you had no dealings with him whatsoever?

Mr. GUASTI. No.

Mr. RICE. And never discussed badges with him?

Mr. GUASTI. No.

Mr. RICE. Did you ever discuss the badges with Entemann yourself?

Mr. GUASTI. I don't recall talking to Mr. Entemann about the badges.

Mr. RICE. Who eventually paid for the badges?

Mr. GUASTI. I don't know, sir.

Mr. RICE. You were in charge of these reserves, weren't you?

Mr. GUASTI. That is right.

Mr. RICE. And the badges just dropped out of thin air; is that the idea?

Mr. GUASTI. Somebody paid for them but I don't know who it was.

Mr. RICE. Could it have been Ulnick?

Mr. GUASTI. I don't know, sir.

Mr. RICE. You want to say you don't know anything about it at all, about who paid for the badges?

Mr. GUASTI. That is right.

Mr. RICE. How about Dave Rubin; did he have anything to do with it?

Mr. GUASTI. I don't know, sir.

Mr. RICE. Do you know him?

Mr. GUASTI. Yes, sir.

Mr. RICE. Who is he?

Mr. GUASTI. He is a local gambling figure and has been a book-maker and one thing or another.

Mr. RICE. Did he have anything to do with it?

Mr. GUASTI. Not that I know of.

Mr. RICE. Did you have any conversations with him about it?

Mr. GUASTI. No.

Mr. RICE. Did Ulnick get a badge?

Mr. GUASTI. I think that during the time that he was working with Lieutenant Vignol they gave him a special shield which he used. I understand that he returned it but I don't know for sure.

Mr. RICE. That was a sheriff's shield, was it?

Mr. GUASTI. Yes.

Mr. RICE. This was a man that was running a card game, you say?

Mr. GUASTI. Not a card game; Christmas cards and greeting cards and all the various greetings that you send with a card.

Mr. RICE. Ulnick was running a greeting card place, you mean?

Mr. GUASTI. Yes. He since sold it; it was down on Sixth Street.

Mr. RICE. Does he have a restaurant?

Mr. GUASTI. Not that I know of.

Mr. RICE. Has he ever been arrested?

Mr. GUASTI. Not that I know of.

Mr. RICE. Tell me about Rubin, did he have a badge?

Mr. GUASTI. I don't know.

Mr. RICE. Do you know where Hymie Ulnick is now?

Mr. GUASTI. No, I don't.

Mr. RICE. Is he still in the greeting-card business?

Mr. GUASTI. No; he sold that out.

Mr. RICE. What became of Hymie Ulnick?

Mr. GUASTI. I don't know, sir.

Mr. RICE. Did you ever know him to be in the bookmaking business?

Mr. GUASTI. No; I didn't know that he was in the bookmaking business.

Mr. RICE. If you should happen to see Hymie Ulnick we will be interested in talking to him.

Mr. GUASTI. Yes, sir.

Mr. RICE. Now, sir, you know George Bates or George Dalby?

Mr. GUASTI. Yes.

The CHAIRMAN. Mr. Guasti, while we are on the badge business, the grand jury report here says that badges were or funds were not available through the proper and authorized channels to secure badges for the sheriff's reserve force. Several witnesses testified that you saved the situation by announcing to the reserves, "I have found an angel." Later it turned out that Ulnick provided the \$3,500. Is that what you said to the reserve corps?

Mr. GUASTI. As I recall it, I said, "We have an angel."

The CHAIRMAN. Who was the angel?

Mr. GUASTI. I don't know, sir.

The CHAIRMAN. How did you know you had an angel, if you didn't know who he was?

Mr. GUASTI. I was told the badges would be purchased.

The CHAIRMAN. Who were you told that the badges would be purchased by?

Mr. GUASTI. By Mr. Striffe. He is the man I referred to as being deceased and was head of and treasurer of this association.

The CHAIRMAN. What was the first thing you knew about the badges? Who did you first talk with about the badges? You tried to make some effort to get them; did you not?

Mr. GUASTI. Through the regular channels; yes, sir.

The CHAIRMAN. Then you ran into a situation where you weren't getting them through the regular channels, but they were coming from some other source; you knew that, didn't you?

Mr. GUASTI. I dropped it right there. When the county didn't buy them it was a dead issue, as far as I was concerned. Then they came to me and said, "We can pay for them ourselves or get somebody to buy them," and I said, "Go ahead." Then they went ahead with all the arrangements. They went ahead with all the arrangements on it themselves.

The CHAIRMAN. These badges are patches, shoulder patches that are put on uniforms?

Mr. GUASTI. No; it is a regular gold star.

Mr. RICE. Is it a shield?

Mr. GUASTI. It is a star and a hat pin. It is the regular star. It isn't a patch, an arm patch or anything like that.

The CHAIRMAN. Did Curley Robinson have something to do with this patch or this badge business?

Mr. GUASTI. No, sir.

The CHAIRMAN. I find here on page 22 of the executive testimony, and the matter isn't very clear to me, but in this colloquy which took place back in November, and this is in connection with your testimony:

Question. Did you handle the purchase of the shoulder patches for the sheriff's uniforms?

Answer. No, I didn't.

As a matter of fact, instead of the reserves you did handle that, didn't you?

Mr. GUASTI. I never bought any patches for anyone.

The CHAIRMAN. That was part of your jurisdiction, was it?

Mr. GUASTI. No.

The CHAIRMAN. You knew nothing about that?

Mr. GUASTI. No, sir.

The CHAIRMAN. No money was ever given to you for that purpose?

Mr. GUASTI. No, sir.

Mr. RICE. You didn't order the badges, did you?

Mr. GUASTI. No, sir.

Mr. RICE. You are positive on that point?

Mr. GUASTI. Positive.

The CHAIRMAN. Well, then there is some place here further where you said you didn't know anything about the patches. You didn't order the badges. That is not exactly like you testified today because you did know something about them, did you not?

Mr. GUASTI. Yes, the preparation of the ordinance and that, sure, up until the time the county turned us down.

The CHAIRMAN. All right, Mr. Rice, do you have anything further?

Mr. RICE. Yes.

Do you know a man by the name of George Bates or Dalby?

Mr. GUASTI. Yes.

Mr. RICE. What do you call him?

Mr. GUASTI. Bates.

Mr. RICE. George Bates?

Mr. GUASTI. Yes, sir.

Mr. RICE. Do you know whether he was ever arrested?



Mr. GUASTI. Yes.

Mr. RICE. How many times?

Mr. GUASTI. I don't know.

Mr. RICE. More than once?

Mr. GUASTI. Oh, yes.

Mr. RICE. For what offenses?

Mr. GUASTI. As I recall, gambling. I have never looked at his record particularly.

Mr. RICE. In any event, he has been arrested a number of times?

Mr. GUASTI. Yes.

Mr. RICE. He was a man who operated in this area?

Mr. GUASTI. Yes, he has been around here.

Mr. RICE. He was arrested for gambling in this area?

Mr. GUASTI. I think so; yes.

Mr. RICE. What business was he in at the time of the recent grand jury investigation?

Mr. GUASTI. I don't know if he was in any business at that time.

Mr. RICE. You don't know if he was in any business?

Mr. GUASTI. I don't know.

Mr. RICE. Well, at least, no legitimate business?

Mr. GUASTI. I didn't know of any business that he was in.

Mr. RICE. Lieutenant Palmer, I believe, testified that Bates had a gun, a weapon or a pistol, a revolver, and that he had a permit to use it and the permit was issued at the instance of you, Guasti. What do you have to say about that?

Mr. GUASTI. That is the testimony that was given there but, as I recall the incident, Bates talked to me and told me that he wanted a gun permit. I said, "Well, why don't you go up and see Jack Edgington."

Mr. RICE. Now, let's find out what Bates told you. He came in and he was, of course, a man with two or three raps and you knew he was a gambler.

Mr. GUASTI. At that time I didn't know about his record.

Mr. RICE. I see.

Mr. GUASTI. That wouldn't have made any difference because they are all fingerprinted when they apply for a gun and the policy has been to deny it where a record is returned.

Mr. RICE. Then what happened? Why did he come to you?

Mr. GUASTI. Well, he used to drop in quite a bit. He was active here in various campaigns and was working for a man by the name of Kirkhill at that time, I believe, and he was employed as a public relations man or something like that.

Mr. RICE. Before we leave that, we had some testimony down in New Orleans that Frank Costello, of whom you may have heard, was also a public relations man for the Beverly Country Club, or their good-will ambassador. Was Bates the same type of a man?

Mr. GUASTI. I don't know, but he was also at a bowling alley in the southwest end of town; and, as I recall it, he and Kirkhill were half owners in that bowling alley. He wanted a gun for that. He came to me and told me a story about somebody trying to stick him up or something of that nature. I told him to go up and see Jack Edgington, the secretary.

Mr. RICE. You had nothing to do with the issuance of the permits; did you? Why did he come to you?

Mr. GUASTI. I knew him. As I say, he used to drop in. I don't think his visit there was specifically to get a gun, but he brought it up.

Mr. RICE. What did he need this gun for?

Mr. GUASTI. He was at that time the owner or part owner of a bowling alley out in the southwest part of town; I don't know whether it was Slauson or Florence, but someplace out in the southwest end of town. When they would close up at night, he said he needed a gun when he transported the money, or something like that, for the bowling alley and he wanted a gun.

Mr. RICE. You mean he had the day's receipts he was going to take in somewhere and that is why he wanted a gun?

Mr. GUASTI. Yes.

Mr. RICE. What did he need the gun for?

Mr. GUASTI. Self-protection in transporting the money.

Mr. RICE. Self-protection against who?

Mr. GUASTI. Against a hijacker or a stick-up man, I imagine.

Mr. RICE. Don't they have police here and sheriffs?

Mr. GUASTI. They don't furnish any guards, I don't believe.

Mr. RICE. So, it is up to the individuals to protect themselves here. Is that a fair statement?

Mr. GUASTI. Yes; that is what I understand.

Mr. RICE. So, anyone who feels he needs protection acquires a weapon; is that right?

Mr. GUASTI. Yes; that is right.

Mr. RICE. He came to you and you turned him over to Palmer. Did you make a recommendation to Palmer?

Mr. GUASTI. No; I sent him to Lieutenant Eddington.

Mr. RICE. Did you make a recommendation to Eddington?

Mr. GUASTI. I called him up and said or told him that Bates was coming up and wanted a gun.

Mr. RICE. Did you say it would be a good idea to give it to him?

Mr. GUASTI. No.

Mr. RICE. What do you say to the testimony that has been given that you recommended that he get the gun?

Mr. GUASTI. I don't agree with that; I didn't recommend it.

Mr. RICE. You want to say you did not recommend him?

Mr. GUASTI. That is right.

Mr. RICE. Would you want to say you made no statement other than he wanted it?

Mr. GUASTI. I told him, I said, "He is coming up to see you about a gun."

Mr. RICE. Did you tell him to take care of Bates?

Mr. GUASTI. No.

Mr. RICE. You did not tell him to take care of him?

Mr. GUASTI. No.

Mr. RICE. Do you think he was the right type of man to have a gun?

Mr. GUASTI. No; I don't or I would have recommended him.

Mr. RICE. Did you tell the man that you did not think he was the right type of man for a gun?

Mr. GUASTI. No, sir.

Mr. RICE. Why didn't you just tell him "No."?

Mr. GUASTI. I was confident that his fingerprint card would cancel out his gun permit, as far as I was concerned.

Mr. RICE. It does not look like your confidence was well placed because he did get a gun.

Mr. GUASTI. Yes.

Mr. RICE. Now, did you ever ride around in a Cadillac automobile?

Mr. GUASTI. No, sir.

Mr. RICE. You never rode in a Cadillac?

Mr. GUASTI. Oh, yes; I have ridden in Cadillacs.

Mr. RICE. Whose Cadillac was that that you rode around in?

Mr. GUASTI. I rode around once in Jimmy Contratto's Cadillac.

Mr. RICE. Jimmy Contratto's Cadillac?

Mr. GUASTI. Yes.

Mr. RICE. Who is he?

Mr. GUASTI. He is a gambler down in the southwest end of town; well, it would be the southeast end of town.

Mr. RICE. He is a gambler?

Mr. GUASTI. Yes.

Mr. RICE. What were you doing riding around with a gambler in a Cadillac?

Mr. GUASTI. That is how we get a lot of information.

Mr. RICE. From a Cadillac?

Mr. GUASTI. No; from gamblers.

Mr. RICE. You get information from gamblers?

Mr. GUASTI. Yes.

Mr. RICE. And that is all you get from them?

Mr. GUASTI. Yes.

Mr. RICE. And you get the use of the Cadillac?

Mr. GUASTI. I never drove that Cadillac myself unless he was there and that was during a trip to Miami to the Legion convention.

Mr. RICE. Is gambling against the law in this State?

Mr. GUASTI. Yes, sir.

Mr. RICE. Now, what is your attitude toward this man you say is a gambler, that you were seeking to get information from? Shouldn't you, on the contrary, be looking to get information on him to put him into jail?

Mr. GUASTI. It is used to be in police work that we tried to make as many contacts with underworld characters as we possibly could, to know what was going on. That is what I did, sir.

Mr. RICE. Well, you went all the way to Miami and back with him?

Mr. GUASTI. Yes; he was a Legionnaire and a delegate to the convention.

The CHAIRMAN. Well, it wouldn't have taken you that long to get the information you wanted; a trip to Miami and back?

Mr. GUASTI. I have known him for 20 years.

Mr. RICE. How about Dalby or Bates; did he have a car?

Mr. GUASTI. Yes.

Mr. RICE. What did he have?

Mr. GUASTI. He had a Cadillac.

Mr. RICE. Did you ever drive that?

Mr. GUASTI. No, sir.

Mr. RICE. Are you sure about that?

Mr. GUASTI. Yes, sir.

Mr. RICE. There has been some statement raised here about your obtaining a liquor license for a small sum and selling it later on. What was the story on that?

Mr. GUASTI. During the time that they issued, I think it was, one-hundred-and-forty-some-odd additional licenses in this district, or in this area, I had the opportunity of picking up one of those licenses.

Mr. RICE. You were on the police force then or in the sheriff's office?

Mr. GUASTI. Yes, sir.

Mr. RICE. Is that how you got the name "Wine Merchant"?

Mr. GUASTI. No, that name "Wine Merchant" has been with me many years, and I have been called that by a lot of people who associate my name with the Guasti Wineries.

Mr. RICE. So, you had an opportunity to pick this license up. How did this opportunity arise?

Mr. GUASTI. Well, a gentleman by the name of Bill Cook talked to me and said, "Maybe we can earmark one of these."

Mr. RICE. Is Bill Cook and was Bill Cook an employee of the State board of equalization?

Mr. GUASTI. I couldn't answer that.

Mr. RICE. How did you happen to know him?

Mr. GUASTI. I have known him to be very active politically in Mr. Bonelli's campaign and others.

Mr. RICE. Who is Mr. Bonelli?

Mr. GUASTI. The State board of equalization man in this area.

Mr. RICE. Cook was active in behalf of Bonelli?

Mr. GUASTI. I don't know.

Mr. RICE. He is related to Bonelli; isn't he?

Mr. GUASTI. I don't know that.

Mr. RICE. He is a brother-in-law; isn't he?

Mr. GUASTI. I don't know that.

Mr. RICE. And Cook looked you up; is that right?

Mr. GUASTI. I used to see Bill quite often around town. He asked me if I would be interested and I said, "Not at the figure that they are selling them for."

Mr. RICE. What was his job when he interested you in them.

Mr. GUASTI. I don't know. You mean with the State board?

Mr. RICE. Yes.

Mr. GUASTI. I don't know whether he had a job there or not.

Mr. RICE. So that Cook came around to you and sought you out?

Mr. GUASTI. Yes.

Mr. RICE. Did he tell you about this license?

Mr. GUASTI. He talked to me about it; yes.

Mr. RICE. What was the conversation?

Mr. GUASTI. He said, "Would you be interested in a license?" I said, "No, I don't think I would be."

Mr. RICE. Why did he think you would be?

Mr. GUASTI. Well, I don't know that. So he said, "We can get you a license. It cost about five and one-quarter."

Mr. RICE. Five and one-quarter?

Mr. GUASTI. Yes.

Mr. RICE. Five what?

Mr. GUASTI. \$525.

Mr. RICE. What goes with the license when you purchase it?

Mr. GUASTI. That was all.



Mr. RICE. Just the license?

Mr. GUASTI. Yes.

Mr. RICE. No location goes with it?

Mr. GUASTI. No.

Mr. RICE. That would be for what type of license?

Mr. GUASTI. An "on sale" license.

Mr. RICE. An "on sale" license?

Mr. GUASTI. Yes; a bar license.

Mr. RICE. He said he would take care of you for five and a quarter?

Mr. GUASTI. That is right.

The CHAIRMAN. Was that the regular price you had to pay to the State?

Mr. GUASTI. That is the regular fee for the license.

The CHAIRMAN. That fee is collected by Mr. Bonelli?

Mr. GUASTI. By the State; yes.

The CHAIRMAN. Through him?

Mr. GUASTI. Yes; as the State board of equalization.

Mr. RICE. This license that you are talking about, is that one that you now have?

Mr. GUASTI. I just recently sold the one I had.

Mr. RICE. Can you fix the time that Cook talked to you?

Mr. GUASTI. No; I can't except I believe it was around 1946 or 1947, but I am not sure when.

Mr. RICE. Was it while you were in the sheriff's office?

Mr. GUASTI. That is right.

Mr. RICE. Cook said that for about \$525 that he would take care of you on the license?

Mr. GUASTI. Yes.

Mr. RICE. What did you say?

Mr. GUASTI. I said, "Sure." I knew what the market value of the license was.

Mr. RICE. What was the market value of the license?

Mr. GUASTI. I believe at that time they were selling for \$12,000 or \$13,000, somewhere in there.

Mr. RICE. He was offering you a \$12,000 buy for \$525?

Mr. GUASTI. That is the legal fee of the license.

Mr. RICE. Are you mystified why he selected you for this?

Mr. GUASTI. I know Cook very well and have worked with him on campaigns, as I say. I have helped him and he has helped me.

Mr. RICE. Would this be in the nature of a pay-off for campaign help that you may have contributed?

Mr. GUASTI. It could be; yes.

Mr. RICE. What campaign would that be?

Mr. GUASTI. Mr. Bonelli's campaign when he ran for the State board of equalization.

Mr. RICE. You campaigned for Bonelli?

Mr. GUASTI. I helped him out; yes.

Mr. RICE. Did the deal go through?

Mr. GUASTI. Yes, sir; it did.

Mr. RICE. Who took the license?

Mr. GUASTI. The license was first issued to a man by the name of Perry, who set it up.

The CHAIRMAN. How do you spell that name?

Mr. GUASTI. Al Perry, P-e-r-r-y, I believe.

The CHAIRMAN. How come it was issued to him? Did you talk with Mr. Cook about the fact that you couldn't get a license in your own name because you were a police officer and they would have to put it in someone else's name as a front?

Mr. GUASTI. No; the license was issued and then later transferred over, and I had it put into Mrs. Guasti's name.

The CHAIRMAN. But it was issued originally to Al Perry?

Mr. GUASTI. That is correct.

The CHAIRMAN. And issued in the name of Al Perry after you talked to Cook about Al Perry?

Mr. GUASTI. Yes.

The CHAIRMAN. How did you happen to pick on Al Perry?

Mr. GUASTI. I didn't pick on him. Mr. Cook talked on him.

The CHAIRMAN. You and Mr. Cook talked the matter over?

Mr. GUASTI. Yes.

The CHAIRMAN. You said you were a police officer here and that you couldn't be making \$12,000 out of the State and taking a license in your own name. Is that about the substance of the conversation? Did you tell him, "Let's issue it in the name of Al Perry"? Is that what you decided to do?

Mr. GUASTI. Oh, no; I didn't even know Al Perry at that time.

The CHAIRMAN. Cook picked out Al Perry?

Mr. GUASTI. Yes.

The CHAIRMAN. That was all right with you, was it?

Mr. GUASTI. This fellow was running a bartender's school down on Broadway at that time. I didn't know him until after the transaction, until after the license was transferred over in my name.

The CHAIRMAN. Did you say a bartender's school?

Mr. GUASTI. Yes.

The CHAIRMAN. Do you know how many students they had in that school?

Mr. GUASTI. No; I don't.

The CHAIRMAN. There seemed to be a close relationship between the bartender's school and Mr. Cook; is that right?

Mr. GUASTI. I believe Mr. Cook knew Mr. Perry, yes; but I don't know about the school.

The CHAIRMAN. He knew him well enough so he could take a license in his name as a front for you?

Mr. GUASTI. Yes; but the license was later turned over to me.

The CHAIRMAN. Was that a GI school?

Mr. GUASTI. Yes, I think it was. I think it was a GI school.

The CHAIRMAN. Is it still running, do you know?

Mr. GUASTI. No, it is not.

Mr. RICE. I suppose we can assume that Mr. Perry was a straw party or a dummy or just someone to hold a license in his name?

Mr. GUASTI. Yes.

Mr. RICE. Why was it necessary to do that?

Mr. GUASTI. I think he established the location of where the license would be issued.

Mr. RICE. Why didn't you take in your name?

Mr. GUASTI. Because I didn't have time to go out and locate a place and rent a place and get a location for the license to be issued to.

There must be a location and place of business for the license to be issued to.

Mr. RICE. Perry was going to do that?

Mr. GUASTI. Yes.

Mr. RICE. That could have still be done and still taken in your name; isn't that right?

Mr. GUASTI. I don't know. I didn't know about it until Perry had it and then I got it over in my name; not in my name but in Mrs. Guasti's name.

Mr. RICE. Why did you take it in Mrs. Guasti's name?

Mr. GUASTI. Because I was a law-enforcement officer.

Mr. RICE. Is that contrary to the code of the law enforcement officers?

Mr. GUASTI. I don't believe there is anything against a law-enforcement officer owning a license, no.

Mr. RICE. Why did you take it in Mr. Guasti's name?

Mr. GUASTI. Because I felt it would be better in her name than in mine.

Mr. RICE. You just had a feeling it would be better that way?

Mr. GUASTI. That is right, yes.

Mr. RICE. Did the place open up?

Mr. GUASTI. No, that place didn't but it was later transferred over. When it was transferred back to me the place was opened up in Long Beach. A fellow by the name of Warren Hunter, I think it was, ran the place.

Mr. RICE. He ran the place?

Mr. GUASTI. Yes.

Mr. RICE. And you sold the license ultimately, did you?

Mr. GUASTI. I sold it, I imagine, a year or so later; probably a year and a half or 2 years later.

Mr. RICE. At least, it was your wife that sold it?

Mr. GUASTI. Yes, sold it to Jonnie Newell, I believe, who bought out Hunter.

Mr. RICE. How much did you make on that transaction?

Mr. GUASTI. I got \$7,000 for the license.

Mr. RICE. And paid \$525 for it?

Mr. GUASTI. Yes.

The CHAIRMAN. You also got a big profit out of Warren Hunter's running the place, didn't you?

Mr. GUASTI. I never got a dime out of that. Eventually he went broke.

The CHAIRMAN. Is there anything else?

Mr. RICE. Yes.

The CHAIRMAN. By the way, you operated a bar after you retired from the police department; is that right?

Mr. GUASTI. Yes, I did for a period of about 6 months. I just got rid of it here about a month or so ago.

Mr. RICE. Did Mr. Cook take care of that, too?

Mr. GUASTI. No.

The CHAIRMAN. What kind of a license did you have for that?

Mr. GUASTI. An on-sale bar license.

The CHAIRMAN. Did you get the license in your name?

Mr. GUASTI. In my name and Mr. Rose's name. Mr. Rose had this license with another party and I bought in the other party's half and

Mr. Rose and I had it for, oh, I imagine 6 or 8 months. I went in there in July and I just sold it here about a month ago.

The CHAIRMAN. What was the name of that place?

Mr. GUASTI. The California Bar and Grill.

Mr. RICE. How much did you have in that place?

Mr. GUASTI. \$3,600.

Mr. RICE. How much did you take out of it?

Mr. GUASTI. \$3,600.

The CHAIRMAN. Tex Rose was your partner, was he?

Mr. GUASTI. Yes.

The CHAIRMAN. Who is he?

Mr. GUASTI. He is a veteran here who has been in the bar business for some time. I have known him for quite a few years.

Mr. RICE. I believe some time back there was a story developed as a result of a recording that took place, I believe, at Mickey Cohen's home. You have heard of Mickey Cohen, I suppose?

Mr. GUASTI. Oh, yes.

Mr. RICE. Do you know him?

Mr. GUASTI. Yes, I do.

Mr. RICE. This was conversation, which went along the line that Guasti or the "wine merchant," had a piece of Mickey Cohen's place in Burbank. What about that?

Mr. GUASTI. I have no piece and never had any piece of anything that Mr. Cohen ever owned.

Mr. RICE. There is nothing to that at all?

Mr. GUASTI. No.

Mr. RICE. Did you ever have any transactions with Mickey Cohen?

Mr. GUASTI. No, sir.

Mr. RICE. What business is he in?

Mr. GUASTI. I don't know.

Mr. RICE. Do they call you the "Wine Merchant," did you say?

Mr. GUASTI. Yes.

The CHAIRMAN. In that place at Burbank, the testimony was that it was going to open up and that it was O. K. with Guasti, meaning you, I suppose. That is what Mickey Cohen was supposed to have said, that you had a piece of it. As a matter of fact, after so long a time you did raid a place near there, but you never did raid the place they were talking about; did you?

Mr. GUASTI. That was the gang squad at that time working in conjunction with Lieutenant Bowman and the police department. They raided one of the places he had out there. I don't know which one it was. I think they raided the one over a pottery place.

The CHAIRMAN. You never did raid what is called the stable area; that is where Mickey Cohen was operating and where you were alleged to have an interest?

Mr. GUASTI. No; I never did. They were looking for gangsters at that time when they took them at that one place where they were.

The CHAIRMAN. Wasn't it your duty to look for gangsters in this stable area? Why didn't you ever raid the stable area?

Mr. GUASTI. Vice wasn't under my supervision or jurisdiction.

The CHAIRMAN. Were you prohibited from raiding some place that did not come under your jurisdiction or supervision?

Mr. GUASTI. It was the office policy that the vice squad would handle all vice matters.



The CHAIRMAN. You knew the stable area was operating there because you had been out there right across the street at the pottery place looking for gangsters; isn't that correct?

Mr. GUASTI. That was when they moved, as I understand it, from the stable area, and they moved to this other location.

The CHAIRMAN. They were in there a long time?

Mr. GUASTI. I don't know how long they were in there.

Mr. RICE. You say you had nothing to do with vice?

Mr. GUASTI. No, sir.

Mr. RICE. It seems to me that at the time of the Guarantee Finance situation, when it was first brought up, that a report was made to H. Leo Stanley?

Mr. GUASTI. Yes.

Mr. RICE. Do you know him?

Mr. GUASTI. Yes.

Mr. RICE. What does he do?

Mr. GUASTI. He was the chief of detectives of the district attorney's office.

Mr. RICE. It was indicated that some action should be taken and Stanley said, "I will have to take it up with Guasti."

Mr. GUASTI. He did call me about that and I told him that I would turn the information over to Carl Pearson, who was then in charge of the bureau and Carl said to me, "I know about it and we are working on it now." I said, "You call Leo Stanley and tell him," and that is the extent of the conversation, as far as the Guarantee Finance Co. case. I didn't know it was the Guarantee Finance at the time.

Mr. RICE. Why couldn't he call Carl Pearson directly?

Mr. GUASTI. There is nothing to stop him; everybody else did.

Mr. RICE. It sort of put you in the position of being a channel in charge of vice? What do you have to say about that?

Mr. GUASTI. You would have to get the answer from Stanley why he called me. I don't know why he called me outside of the fact that I knew him.

The CHAIRMAN. Is there anything else?

Mr. RICE. Yes. It appears to be comparable to the Rummel situation. Rummel called on you to get to Carl Pearson again. It just doesn't add up to me.

Mr. GUASTI. Rummel did not mention Mr. Pearson when he saw me. He didn't mention his name. I was the one that mentioned Pearson's name. I said that it might be of some value to Pearson because it didn't mean a damn thing to me. It had nothing to do with me.

Mr. RICE. All these deals are between the other fellow; you don't have a thing to do with them? You would rather be left out of them; is that right?

Mr. GUASTI. The deals you are speaking of, I don't understand what you mean.

Mr. RICE. Well, where Stanley said, "I have to talk to Guasti," and when Rummel comes to Guasti and Guasti says, "Well, we will have to get a hold of Pearson," how about things like that?

Mr. GUASTI. That is exactly what happened.

The CHAIRMAN. I would like to ask you briefly about another matter. Mr. Guasti. You know Curley Robinson, don't you?

Mr. GUASTI. Yes, sir.

The CHAIRMAN. He is a close friend or a political supporter of former Attorney General Houser; is that right?

Mr. GUASTI. He was friendly with him; yes.

The CHAIRMAN. Curley Robinson got in contact with a fellow named Gene Armand that you know of?

Mr. GUASTI. I know a Gene Armand; yes.

The CHAIRMAN. Between Robinson and Armand, didn't they make a survey of the slot-machine business of the State of California some time in connection with Houser's campaign or about the time of his campaign?

Mr. GUASTI. I think it was during the time of the campaign. Yes, it was just prior to the election. They made a survey of pinball machines and the coin operators, which included slot machines.

The CHAIRMAN. What was this survey that Robinson and Armand were making? What sort of a survey was that?

Mr. GUASTI. They were making some sort of a survey, as I understand it, and I don't know the full particulars of it; that it was survey of the supporters or against certain bills up for legislation at that time that affected the machines.

The CHAIRMAN. The purpose of the survey, as you said before in your testimony, was to line up the pinball-slot machine industry and the people of the State of California for Houser?

Mr. GUASTI. That was one phase of it.

The CHAIRMAN. In other words, they were going around talking about these bills, that they wanted to work against the bills, and they also wanted them to work for Houser; isn't that correct?

Mr. GUASTI. That is right.

The CHAIRMAN. You had reports and investigations and talked with them about the whole thing, did you not?

Mr. GUASTI. I never talk to him about it. I did have reports about the various activities throughout the State; yes.

The CHAIRMAN. You broke it down into two missions, did you not? Mission A was to elect Houser with the pinball-slot machine industry; isn't that correct?

Mr. GUASTI. I imagine so.

The CHAIRMAN. That is what you said here in your other testimony. Mission B was the unification of the slot-machine industry in connection with legislation.

Mr. GUASTI. Legislation before the assembly in Sacramento; I think that is correct.

The CHAIRMAN. Why didn't you report these conversations you had with Rummel to the police department right after he was killed?

Mr. GUASTI. Well, I don't know. I left him in the afternoon. I imagine it was right around 2 o'clock. I know of nothing, in my own mind, in any way that I could have been of assistance to the police department.

The CHAIRMAN. Well, he was killed and you didn't say anything about the meetings, did you?

Mr. GUASTI. No.

The CHAIRMAN. How long was it before they found out about your having meetings with him?

Mr. GUASTI. I don't recall.

The CHAIRMAN. But it was a good while after, wasn't it?

Mr. GUASTI. The next day or so, I think.

The CHAIRMAN. You never did volunteer the information, did you?

Mr. GUASTI. No.

The CHAIRMAN. This fellow, Curley Robinson, turned his State-wide report over to you and let you see it, did he not?

Mr. GUASTI. Which State-wide report?

The CHAIRMAN. On the pinball-machine industry organizing for Houser and the slot-machine industry organizing for Houser?

Mr. GUASTI. I had a copy of it.

The CHAIRMAN. Why would he give you a copy of it?

Mr. GUASTI. I was interested in the various operators in the State. I don't know why he sent them to me but he did.

Mr. RICE. You say you were not working on vice, but you knew who the operators were; is that right?

Mr. GUASTI. That is gang activities; yes, sir.

The CHAIRMAN. What did you do about it after you got the report?

Mr. GUASTI. All the reports I ever got through there were channeled through the detective bureau, anything about gang activities.

Mr. RICE. What were you going to do about gang activities in your county?

Mr. GUASTI. It was just information that you can have; who they are and what the activities are.

The CHAIRMAN. You did not confine it to outside of your county; you got information outside of the State of California, too; didn't you?

Mr. GUASTI. Oh, yes.

The CHAIRMAN. You had information about some fellow that Cohen was going to bring out here and help him out and he got as far as some place in Iowa and got bumped off; isn't that right?

Mr. GUASTI. No; he only got as far as Joliet, Ill.

The CHAIRMAN. What was his name?

Mr. GUASTI. I don't think it is fair to go into those cases in this hearing, sir.

The CHAIRMAN. Why?

Mr. GUASTI. Because that is dangerous.

The CHAIRMAN. Why?

Mr. GUASTI. You are going to come to the informant; you are going to ask for the informant.

The CHAIRMAN. I will not ask you for the informant.

Mr. GUASTI. That is true; they were supposed to come out.

The CHAIRMAN. What were they coming out for?

Mr. GUASTI. They were supposed to have 25 percent of Mr. Cohen's interest; that was our information.

The CHAIRMAN. Who was the fellow that was going to come out, do you remember his name?

Mr. GUASTI. No; I don't.

The CHAIRMAN. Well, I think I have it here.

Mr. GUASTI. I didn't know the man myself.

The CHAIRMAN. Anyway, he first told him not to come out and then later told him to come on out?

Mr. GUASTI. He sent him back and told him to stay there until he sent for him.

The CHAIRMAN. He was going to help organize the businesses here; is that correct?



Mr. GUASTI. I don't know what he was going to do.

The CHAIRMAN. He got as far as Joliet; is that right?

Mr. GUASTI. Yes.

The CHAIRMAN. What happened to him there?

Mr. GUASTI. He got killed.

The CHAIRMAN. You had definite information to that effect? I am not asking for the name of the informant now, but you did have definite information to that effect?

Mr. GUASTI. Yes; we had information about that.

The CHAIRMAN. I was under the impression that you gave us the man's name at the last hearing.

Mr. GUASTI. No. The names were in the reports that I turned over to the committee.

The CHAIRMAN. You gave us some reports; isn't that correct?

Mr. GUASTI. That is right.

The CHAIRMAN. Let me see if I can find it.

Mr. RICE. Getting back to the Guasti-Pearson situation where Guasti referred Stanley to Pearson, or whatever that situation was, it might be interesting to see what the grand jury report has to say about that on page 15. Referring to Carl Pearson in this report, it goes on to say:

He refused to answer most of the important questions on the ground that his answers might tend to incriminate him. Pearson, however, identified grand jury exhibit No. 1 in this investigation as being written by him in his handwriting. He further testified that upon his dismissal by Sheriff Biscailuz he said, "That is what you get for loyalty" and said in that statement he referred to his loyalty to Capt. Al Guasti.

Mr. GUASTI. I don't know anything about that statement.

Mr. RICE. You do not know if Pearson was loyal to you or you loyal to him?

Mr. GUASTI. I don't even know if he made that statement.

Mr. RICE. Well, I am telling you that he made it. So in this Rumel and Stanley matter you were referring matters to him, or were you actually in charge?

Mr. GUASTI. I wasn't in charge. I never issued an order to the vice squad all the time I was in the office.

Mr. RICE. Are you sure about that?

Mr. GUASTI. Yes.

Mr. RICE. What was he loyal to you about then?

Mr. GUASTI. I don't know that he was referring to me when he made that statement, if he made it.

Mr. RICE. Well, he said he was. He referred in his statement to his loyalty to Captain Guasti.

Mr. GUASTI. I don't know what he meant. That is the first time I have heard that he associated that with me because it was in the papers that he made such a statement without any reference to any particular individual.

Mr. RICE. Perhaps we can straighten it out through Captain Pearson.

Mr. RICE. That is all I have.

The CHAIRMAN. Thank you. Are there any further questions?

Mr. ROBINSON. No.

Mr. VAN BRUNT. No.

The CHAIRMAN. Thank you, that is all.



The committee will stand in recess until 2:15 p. m.

(Whereupon, at 1:15 p. m., a recess was taken until 2:15 p. m. of the same day.)

AFTERNOON SESSION

(The committee reconvened at 2:30 p. m., pursuant to the taking of the noon recess.)

The CHAIRMAN. The committee will be in order. Our next witness will be Chief Anderson. Chief Anderson is the chief of police of Beverly Hills. I understand that Chief Anderson just got out of the hospital.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Chief ANDERSON. I do.

**TESTIMONY OF CLINTON H. ANDERSON, CHIEF OF POLICE, BEVERLY HILLS, CALIF.**

The CHAIRMAN. Chief Anderson, what is your full name?

Mr. ANDERSON. Clinton H. Anderson.

The CHAIRMAN. Are you chief of police of the city of Beverly Hills, Calif.?

Mr. ANDERSON. That is right, Senator.

The CHAIRMAN. Did you say it was Clinton Anderson?

Mr. ANDERSON. That is right.

The CHAIRMAN. We have a Senator from the State of New Mexico by the name of Clinton Anderson.

Mr. ANDERSON. Yes; I know.

The CHAIRMAN. How long have you been chief of police of the city of Beverly Hills?

Mr. ANDERSON. Approximately 10 years.

The CHAIRMAN. How are you made chief of police; by election or by appointment?

Mr. ANDERSON. By civil-service examination.

The CHAIRMAN. By the city commission or by the mayor?

Mr. ANDERSON. A civil-service examination is held and the mayor and the city council select one of the three from the top of the list.

The CHAIRMAN. In order to be eligible, you have to be on the first three of the eligible list and then you are selected by the mayor and the city council?

Mr. ANDERSON. That is correct.

The CHAIRMAN. Prior to your 10 years as chief of police, what did you do?

Mr. ANDERSON. I have been on the police department for 23 years.

The CHAIRMAN. Proceed, Mr. Rice, with the examination.

Mr. RICE. You are over in Beverly Hills; is that correct?

Mr. ANDERSON. Yes.

Mr. RICE. And that is where "Bugsy" Siegel was killed?

Mr. ANDERSON. Yes.

Mr. RICE. I think there has been some publicity about Virginia Hill and what would happen should Virginia Hill suddenly turn up missing. Now, first, tell us a little bit about the "Bugsy" Siegel shooting.

Mr. ANDERSON. Well, we always figured that Mr. Siegel was killed by members of his own group.

Mr. RICE. Let's go a little into the background. "Bugsy" Siegel was a member of the old Meyer Lansky gang in the East; is that right?

Mr. ANDERSON. Yes. He had had a lot of underworld activities. He was associated with the Trans-American Wire Service, which was competitive to the Continental Wire Service. There was also some information regarding narcotics. As you know, he was interested in the Flamingo gambling establishment at Las Vegas.

Mr. RICE. What was his interest in the Flamingo, Chief?

Mr. ANDERSON. His interest in Las Vegas?

Mr. RICE. Yes; at the Flamingo.

Mr. ANDERSON. He was more or less the promoter over there. There were many other investors but he was, more or less, the main man or the manager or he settled the policy for the club.

Mr. RICE. Did he buy into that proposition legitimately or did he muscle in?

Mr. ANDERSON. He started the club with two other persons. The original club was to cost around \$1,500,000. By the time it was completed, if I remember correctly, it was around \$4,000,000 or \$5,000,000. That necessitated the raising of funds from various sources to make up the deficit. That lead to many activities and our investigation showed there was several investors throughout the country that came in, from Detroit and from New York.

Mr. RICE. Who were some of the Detroit fellows? How about Wertheimer?

Mr. ANDERSON. Not Wertheimer but there were three brothers that were supposed to have had an interest there. It was an Italian name. I think they were cousins of Al Capone. I can't remember the names offhand.

Mr. RICE. The Fischetti brothers?

Mr. ANDERSON. Yes.

Mr. RICE. Well, they are from Chicago, aren't they?

Mr. ANDERSON. Yes, they are; that is right. Then, of course, there was a certain amount invested from the New York group; Frank Costello and his associates and Morrie Rosen.

Mr. RICE. "Doc" Rosen, you mean.

Mr. ANDERSON. I know him as Morrie Rosen. He had an interest in liquor, in Puerto Rico, some liquor distribution businesses and also there was Moe Sedway who was a representative of that group.

Mr. RICE. He is out of Cleveland?

Mr. ANDERSON. No, he formerly was from New York. After Siegel was killed, Moe Sedway and Morrie Rosen stepped in with a fellow named Greenbaum from Phoenix, Ariz., as the operators of the Flamingo.

Mr. RICE. Did Greenbaum have anything to do with the construction contract for the Flamingo?

Mr. ANDERSON. If I recall correctly, he represented the interest of the builders from Phoenix, Ariz. Greenbaum originally came from Phoenix and there was a lien and Greenbaum was supposed to represent the interest of that lien in the gambling establishment.

Mr. RICE. Is that how he got into the picture?

Mr. ANDERSON. That is my understanding of it; yes.

Mr. RICE. So that we have a combination of money from a number of organizations, all of which stem from criminal activities in the past, getting into the Flamingo situation. Now, was "Bugsy" Siegel active in the operation of the Flamingo?

Mr. ANDERSON. Yes; he really was the manager there. Our investigation showed that he was rather stubborn and failed to listen to the interests of the other investors there and that he was at odds with them and they were anxious to get him out of the way.

Mr. RICE. What was the dispute over, do you know, Chief?

Mr. ANDERSON. Well, he had ambitions of making the Flamingo the Monte Carlo of America. Money was no object; he would spend it like water, whether he had it or not and he would spend it.

Mr. RICE. You mean like it grew on trees or came from gambling establishments?

Mr. ANDERSON. Something like that: yes.

Mr. RICE. These other investors objected to his heavy expenditures; is that right?

Mr. ANDERSON. That is right. There were several conferences that we learned about. As a matter of fact, he went back to New York a short time before he was killed and at that time it was reported that he remained at his hotel most of the time he was there because he was afraid of gangland back there.

Mr. RICE. You mean he knew that he had been fingered and his number was up and he hid out in New York?

Mr. ANDERSON. Yes. Investigation of his death would show that he left the Flamingo and Las Vegas around midnight, and came to Los Angeles and went home and went to bed—

Mr. RICE. Before we get into that, he had a home here despite the fact that his business interests were over in Las Vegas?

Mr. ANDERSON. He just rented this home for 5 months, he and Virginia Hill shared this place. She had already moved out. The lease had expired and this was his last trip to this house. He was there for the purpose of picking up his clothes and he was to leave the following day; the lease had expired. So it shows that he was definitely put on the spot. We know that a phone call was made from Las Vegas but we were never able to trace it to any person or persons.

Mr. RICE. Where did the phone call go to, Chief? You say it was made from Las Vegas?

Mr. ANDERSON. Yes.

Mr. RICE. To where?

Mr. ANDERSON. We feel that these killers were informed and were waiting for his return. They knew he was to come here for his clothes.

Mr. RICE. You mean they were checking on his arrival and his whereabouts to get him set up?

Mr. ANDERSON. Yes. He hadn't been at that place for around 2 weeks and here he came in one day; he was only in town for less than 14 hours when his execution was completed. So it had to be planned. Somebody had to advise the killers that he was in town. It would have been impossible for them to show around there or wait because the police officers would have detected them. It was an unusual thing about the heavy drapes that were on the windows there; there was just one drape that was opened a little bit, about 3 or 4 inches on the side of the house.



Mr. RICE. Who was in the house with him?

Mr. ANDERSON. Charlie Hill and Geri Mason, who later married Charlie Hill, and Al Smiley.

Mr. RICE. Is that the Smiley that is sometimes known as Smihoff?

Mr. ANDERSON. He was the man that was recently found guilty of falsifying his citizenship.

Mr. RICE. Now, you have told us about this drape being opened just a few inches and then what happened?

Mr. ANDERSON. The gunmen went into the driveway, on the south side of the house, and for some unknown reason Mr. Siegel sat right in front of this open crack in the window and they killed him there with a shotgun, a .30 caliber shotgun.

Mr. RICE. Immediately after that killing, was there anything that happened over at the Flamingo or simultaneously with that?

Mr. ANDERSON. Our informants advised us that immediately, as a matter of fact that same morning that the killing happened, that certain members of the group came to the hotel and advised certain people in charge that they were taking over and there would be no confusion about it.

Mr. RICE. Who were these people? Was that Rosen and Sedway?

Mr. ANDERSON. Moe Sedway, we were informed, was the man that came in. Prior to that time he had been on the outs with Siegel and, as a matter of fact, we were advised he was not permitted into the club, but that night he came in. We were very anxious to question Mr. Sedway but he has been in ill health and every time that we try to question him he would either be in the hospital or under the doctor's care or in Las Vegas. We were never able to question him thoroughly.

Mr. RICE. Along that line, and as a practical proposition, your jurisdiction, I take it, is in Beverly Hills and obviously you have conducted an extensive investigation. Does that pose a difficult problem to you, to cover a murder of that type, not being able to go beyond the State lines?

Mr. ANDERSON. This type of murder involves interstate traveling of both the victim and the owners of the club and we felt that the actual killers did travel interstate.

Mr. RICE. Well, the evidence would show that they used airplanes and telephones in interstate commerce, in connection with this murder.

Mr. ANDERSON. Yes. We felt that it was not a local situation. It was unfortunate that he had his home for a short period in our city, but his activities had been outside of our city.

Mr. RICE. Now, how do you go about, without disclosing any trade secrets, conducting an investigation in New York and in Las Vegas, that being the case? Do you have funds available for men to go there or is it a catch as catch can proposition?

Mr. ANDERSON. We usually communicate with the local police of different cities and have them check on the information.

Mr. RICE. Do you do that by letter?

Mr. ANDERSON. By telegram or telephone, if it is important enough.

Mr. RICE. In working with these out-of-town law enforcement agencies you depend upon their interest in the matter and their skill? You have no control over them, do you?

Mr. ANDERSON. No, that is true. I happened to be in New York City at the time Mr. Siegel was killed. I was in New York after a



fugitive from justice. I had a conference with a certain law-enforcement official just the day before. At that time he predicted that Siegel was to be eliminated because he was in the bad graces of Mr. Capone and Mr. Erickson. He said there was a lot of bad feeling about the way he was spending money at the Flamingo. So I was rather surprised the following day when I received a telegram that he actually had been killed.

Mr. RICE. Now, Chief, what did Virginia Hill have to do with all this?

Mr. ANDERSON. Virginia Hill is alleged to have been familiar with the entire operation and the trouble between some of the individuals involved. It is reported that she was aware that the killing was to happen and she was out of the United States at the time.

Mr. RICE. You have talked to her about that, have you not?

Mr. ANDERSON. No; I haven't. There has been a lot of newspaper talk about it. When she was in Phoenix I attempted to make a contact but she didn't want any part of any police officers.

Mr. RICE. You have never been able to get her under process or in any other way to talk to her?

Mr. ANDERSON. No; as far as I know she has never been in California since she has left.

Mr. RICE. I take it that you would like to interrogate her if you had the chance?

Mr. ANDERSON. It would be very pleasing, yes.

Mr. RICE. Do you find that that difficulty in obtaining witnesses, getting them available for questioning, does that impede your investigation?

Mr. ANDERSON. Naturally, when you deal with major crime there is all types of money at the hands of the criminals. They can obtain the best lawyers and can travel all around the United States and the world and it is very difficult to get a hold of them, if you see what I mean. There is nothing to hold them in any particular place. So it does represent a problem.

Mr. RICE. Then, possibly, that would be a fair assumption, that that might be one of the reasons why they can get away with these gang type of murders; the availability of all that money and nothing to hold them down?

Mr. ANDERSON. Yes. I was surprised, in my investigation, to find that most of the major criminals had contacts in most of the major cities in the United States. I was amused at one time when I checked into the background of four criminals and found that they had all served time together at Lewisburg, Pa. A very close friendship developed at that time and this informant advised me that any time that he wanted to go from one city to the other, he could, and always was able to obtain money and shelter, if he so needed it.

Mr. RICE. Now, Chief, were there any money transactions involving Virginia Hill that came to your attention, in connection with the shooting or in connection with the Flamingo deal?

Mr. ANDERSON. Yes; I had a contact in Mexico City. I was informed by him that a letter carrier for the Mexican Government had stolen a registered letter containing, if I remember rightly, \$2,000 in currency and that he had been arrested and the money recovered. Now, the letter was addressed to a friend of Virginia Hill's, but she

was to receive the money. It came from Chicago and there were many occurrences like that.

Mr. RICE. Was that in currency, the way the money was sent?

Mr. ANDERSON. Yes.

Mr. RICE. You mean that was postmarked Chicago and directed where?

Mr. ANDERSON. To Acapulco, if I remember right.

Mr. RICE. Down in Mexico?

Mr. ANDERSON. Below Mexico City; yes. It was reported that she received these letters at frequent intervals. I believe Mr. Epstein was the person who sent the money.

The CHAIRMAN. Was that Joseph Epstein?

Mr. ANDERSON. I believe that is right, sir.

The CHAIRMAN. He is another one that we have been looking for for a long time.

Mr. RICE. Was Allan Smiley connected with the Flamingo operation?

Mr. ANDERSON. Well, Al Smiley was more or less of a handy man for Mr. Siegel. Everywhere he would go Smiley was right there alongside of him. However, I did notice that a short while before Mr. Siegel was killed that Smiley had been down in and around Los Angeles and Beverly Hills quite a bit. He had not been at the Flamingo as much as he had been prior to that time.

Mr. RICE. Did he have a financial interest in the Flamingo?

Mr. ANDERSON. I hardly think so. I think, at the time, he was more or less of a friend of Mr. Siegel's. He might have had but I don't think so.

Mr. RICE. Have you ever heard any story about his having muscled in or cut into the Flamingo through "Bugsy" Siegel?

Mr. ANDERSON. No. It could have been that he did have a small interest, but I was of the opinion that he was just a friend or a bodyguard or an associate of Siegel's.

Mr. RICE. How about Sanford Adler, what did he have to do with it?

Mr. ANDERSON. Mr. Adler took over the management of the Flamingo after it was reorganized. He seemed to have had 51 percent.

Mr. RICE. When you say that it was reorganized, you mean after the liquidation of one of the parties interested?

Mr. ANDERSON. Yes. There were several investors that were anxious to get as much as they could out of it. The Flamingo was resold for considerably less than what the original cost was. Mr. Adler represented a group that had 51 percent of the interest in the Flamingo. There was some trouble that developed over it, over what they thought was the proper amount that each one should have. There was some litigation that was tried in Carson City, I believe, some court litigation. I was informed that Mr. Adler won the court decision. There was a fight that started right after that. It was reported that Mr. Adler went to Morrie Rosen and punched Morrie Rosen in the face and Morrie Rosen threatened to get him and he stated, "That there is blood on our hands now."

Mr. RICE. Who said this? Did Rosen say that.

Mr. ANDERSON. Yes.

Mr. RICE. Rosen said, "There is blood on our hands now"?

Mr. ANDERSON. Yes; "And they are not going to get away with it." Mr. Adler was frightened and he drove all night and arrived in Cali-

fornia the next morning. I received the information regarding the fight and I talked to him. At the time he was very upset and told me about the fight. I hoped to get a little more information about the persons involved, but a short time later he talked to his attorney and that was the last information I received. I wrote to the district attorney in Las Vegas; I believe his name was Jones. He was present at the fight, I believe. It seems that he represented the Flamingo as their attorney.

Mr. RICE. You mean he was there when the fight took place?

Mr. ANDERSON. Yes. I asked Adler whether he represented his interest or the interest of Moe Sedway and Greenbaum and Morrie Rosen. Adler said, that up to that time, he thought he had been representing Rosen, but he was convinced after the fight that the cards were stacked against him.

I asked the district attorney to help me as much as he could, as I felt that it was to the interest of both cities, Las Vegas and Beverly Hills, if we could solve the murder, as unsolved murders encourage other murders. However, I never did receive any reply. I did receive a communication that stated that if he found out anything he would advise me, but he failed to state that he was present at the ruckus.

Mr. RICE. What became of Adler?

Mr. ANDERSON. Well, as a matter of fact, he immediately sold out his interest there and he had a part of the Rancho Vegas, I think; he sold that out.

Mr. RICE. Well, he won the court fight, but he lost the other fight; is that about the size of it?

Mr. ANDERSON. Yes; I understand he never has been back since.

Mr. RICE. I believe that is all I have.

Mr. ROBINSON. I have no questions.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. What is there to the story about Virginia Hill supposing to have in a lock box, her memoirs and a biographical sketch of what took place, and so forth, that you are going to be the heir to in case anything happens to her?

Mr. ANDERSON. I am patiently waiting for that communication, although I haven't seen or heard of it.

The CHAIRMAN. Well, you have heard of that, though?

Mr. ANDERSON. I have read it in the newspapers.

The CHAIRMAN. Where are these documents being kept, do you know?

Mr. ANDERSON. I don't know.

The CHAIRMAN. She has not let you in on the secret, has she?

Mr. ANDERSON. No.

The CHAIRMAN. You do have quite a number of racketeers that come here from other States of the Union and get into legitimate businesses, do you not?

Mr. ANDERSON. Well, I would answer it this way, Mr. Senator, that many of the larger rackets are quite lucrative and results in most of the big hoodlums liking to live very well with all that money. They like nice homes, nice clothes, and nice automobiles and that attracts them, of course, to southern California and to the better residential districts.



The CHAIRMAN. Does it sometimes happen that they come here and take up another name and perhaps years will pass before you really know who they are?

Mr. ANDERSON. I would say that that could happen, but as far as my own town of Beverly Hills is concerned, we are so small that we can keep a pretty close check on them.

The CHAIRMAN. Thank you, Chief Anderson. We appreciate your coming down particularly since you have been so ill.

Our next witnesses will be Chief Parker and Captain Hamilton of the Los Angeles Police Department. You can both testify together, gentlemen.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Chief PARKER. I do.

Captain HAMILTON. I do.

### **TESTIMONY OF WILLIAM H. PARKER, CHIEF OF POLICE, AND JAMES E. HAMILTON, CAPTAIN, POLICE DEPARTMENT, LOS ANGELES, CALIF.**

The CHAIRMAN. Chief Parker, you and Captain Hamilton have been before us at great length in the executive session, and your testimony, or most of it, will be made public. Mr. Counsel, will you get down to the particular matters, that we are interested in, please.

Mr. RICE. We have some new matters, Senator, that we would like to inquire about. We are particularly interested in the bridgo-bingo situation, which seems to be unique in this area. I appreciate that it may not be prevalent within the city limits, but we feel that you fellows are more qualified to explain how the game operates and who the principal operators are in this area of southern California; can you throw some light on that?

Chief PARKER. I believe we can. Captain Hamilton has a detailed breakdown on the operations that at one time existed in this area. I believe, at last, that we have found out who the actual owners of these properties were, although originally we did not know that because there, apparently, was many dummy ownerships. I think Captain Hamilton is equipped to go ahead in detail and explain the entire situation to you.

The CHAIRMAN. Tell us about that, Captain Hamilton.

Captain HAMILTON. Well, the name bridgo, I believe, is peculiar to the type of lottery game that was played here in Los Angeles, in the Venice area, up until September of 1949. I believe that is when they were closed.

Now, that game was a combination game. The operators down there, and there were 11 establishments running, with a total of 1,185 taxable sets.

The CHAIRMAN. Down where?

Captain HAMILTON. Down in the Venice area in the city of Los Angeles. They obtained permits from the board of police commissioners, under authority of section 2301 of the municipal code, which is the section giving permits to games of skill and science.



They applied to the board of police commissioners to play a game of skill and science. Then in the operation of the games, after each single game of skill and science was supposed to have been played, they played what they called a free game. The free game was, in turn, a different game or the game of tango, bingo, keno, or whatever one wants to call it. So it made a combination of the two games. The theory under which they informed us that they operated was that the charge was made for the game of skill and science, and there was no charge made for the game of keno, tango, or whatever name you want to use. However, in testing this operation, that proved to be false.

In each instance, the 11 establishments that applied for permits before the board of police commissioners, the applicants signed an affidavit giving pertinent information as to the business and in that affidavit one of the questions asked, and I quote from the application: "Is this a partnership?" An answer is requested.

The next question is: "Is this a corporation," with an answer requested.

Now, with the exception of possibly 3 places of the 11, the rest all had applications signed by a single individual, with the answers to those questions in the negative.

Mr. RICE. What would be your conclusion from that, Captain Hamilton; that it was not a partnership or was not a corporation?

Captain HAMILTON. It would be my opinion that they would be owned by one individual; a sole ownership. We would be led to believe that the places were owned by one individual. Now, these are notarized statements. An example of that is the Plaza Bridgo, that was located at 11 Venice Pier, in Venice.

I have here, and I would like, if the committee cares to accept these as exhibits, to have these go along with the committee's record. This is a résumé concerning Gilbert Brown, the applicant, and here is a photostatic copy of the application, which bears the date June 30, 1949, and is signed by Gilbert Brown and is notarized.

This man signs the application in the manner that would lead us to believe that he is the sole owner and operator of the Plaza Bridgo. We are not in a position and have never been in a position to prove who the real owners are. We do not have access to income-tax records or to other confidential records that are not available to police departments. However, we do feel that this committee is in a position to prove that Gilbert Brown's brother, Marvin A. Brown, as this report indicates, has a considerable criminal record and was one of the main stockholders of Plaza Bridgo, along with James J. Contratto, who has been previously mentioned in the committee hearings.

Mr. RICE. I see by this that Marvin A. Brown has a record dating back to 1925, 1926, 1927, 1928, 1929, 1942; three arrests in 1942 and 1943. He has been arrested for gambling, bookmaking, suspicion of burglary, defrauding an innkeeper, and has served other arrests. I take it, then, that it would be your conclusion that Marvin A. Brown would be a hidden partner, more or less in the operation of the Plaza Bridgo?

Captain HAMILTON. Yes.

Mr. RICE. Along with Contratto and others?

Captain HAMILTON. We believe there were, at least, five or six active partners in the ownership of the Plaza Bridgo; that this Gilbert Brown applied as a sole owner and operator was, in fact, merely a front because of the fact that he, Gilbert, had no criminal record. If these men, with these records, came before the board of police commissioners for a permit they would be denied a permit because of a requirement under the ordinance.

Mr. RICE. Is there a provision concerning the arrest records of applicants?

Captain HAMILTON. The applicant is fingerprinted and his record given to the board of police commissioners.

The CHAIRMAN. Who do you think the owners are?

Captain HAMILTON. They are James Contratto and this Marvin Brown.

Mr. RICE. Do you have Contratto's criminal record there?

Captain HAMILTON. Yes.

The CHAIRMAN. Let's have all these filed as exhibits Nos. 34 and 35. (Exhibit Nos. 34 and 35 appear on p. 742.)

Mr. RICE. Contratto's record begins back in 1931 and his last arrest was in 1945.

I see in here several applications for a liquor license after he had many gambling arrests. This refers here to the State board of equalization; is that the State Board of Equalization of California?

Captain HAMILTON. Yes. I believe, in Reno, he had an interest in a legal gambling establishment but I understand he sold his interest in one or two places up there.

Mr. RICE. Did he ever have a liquor license here, do you know?

Captain HAMILTON. That I wouldn't know.

Mr. RICE. I see where he applied for a liquor license on December 10, 1936.

Captain HAMILTON. I know that he ran a place known as Topsy's, and it has had two or three other names, and that place is located out in the southeast section of town. It was a night club, and, I presume or know, in fact, that there would be a liquor license there. Whether it was in his name or someone else's name, I do not know.

Mr. RICE. Where did he come from originally?

Captain HAMILTON. He has been around Los Angeles for a long time. His home was, I believe and he still maintains a residence, in Downey, although he recently, along with Jack Burke, tried to buy an interest in the El Rancho Vegas, in Las Vegas, and was turned down by the tax commission up there.

The next man I would like to refer to, and the one I just mentioned, Jack Burke, we also believe to be a stockholder in the now defunct Plaza Bridgo. He is a man of a similar background. He is a former partner of Mickey Cohen's in several gambling ventures and also a partner of Jimmie Contratto's in other ventures.

Mr. RICE. He is also known as Jack Berkowitz, Jack Vertlieb, and Jack Burkowitz; is that right?

Captain HAMILTON. Yes, sir.

Mr. RICE. He has four or five arrests here for bookmaking and for suspicion of burglary and other raps.

Captain HAMILTON. Yes. Now, the last two of this group that I would like to mention is Homer F. West of Pasadena, who also has a

similar record, and his partner, Benjamin H. Gordon, also known as Bennie Harris Gordon with a like record.

Mr. RICE. These are very extensive records.

Captain HAMILTON. That group in itself constitutes a very sizable group of large scale bookmakers.

Mr. RICE. Were you ever able to establish their actual partnership agreements or arrangements, their percentages or what they call their piece in these establishments?

Captain HAMILTON. We have no way of establishing that, inasmuch as those records are not available to us. We do not have the power to subpoena those records. Now, in the statement there on Contratto, there is a footnote on the bottom where he stated to investigators in Denver, Colo., last summer, that he owned four or five bingo establishments on the coast here. That is the way we get our information, through exchange with other agencies and let's say by digging it up the hard way.

Now, here is another group of applications or applicants. Here is Irving G. Glasser, who held two permits for bridge games; one was the Fortune Bridge and the other one was known as the Rose Bridge. Those permits were held in his name. The only record that Irving Glasser has with our department is one arrest of several years ago.

Mr. RICE. Is he also known as Izzy Glasser?

Captain HAMILTON. Yes. In July of 1929 he was arrested for a violation of the liquor law and paid a \$500 fine. Now, he signed on both applications, photostats of which we are submitting, he signed as the sole owner and operator of these two establishments.

Mr. RICE. Glasser did?

Captain HAMILTON. Yes. We believe that this committee can again establish, through records that are available to the committee, that there were a group of partners behind this or, as a matter of fact, that there were many others as the real owners of these two establishments: that group of partners includes the man who has made the remark that he is the bingo king of California, Jimmy Utley, better known as "Squeaky." This is his criminal record, which is rather extensive and includes a good deal other than gambling charges. His last arrest is not on there; it was within the past 2 weeks in Imperial County for the possession of gambling paraphernalia. He was arrested with Sterling Oswald and two other men in Imperial County less than 2 weeks ago. I believe he was also before this committee in executive session.

Mr. RICE. I see where he was convicted of a narcotics violation in 1939 and has served time at Terminal Island and in 1941 he was arrested for extortion. In 1939 he was arrested for kidnaping. Is that "Squeaky"?

Captain HAMILTON. Yes, that is "Squeaky." Now, these are the photostats of the applications filed by Mr. Glasser with the extra copies attached. I will come to the other photostats in a minute.

The next man in that group is Phillip S. Tapper, who has a record of bookmaking arrests and is certainly a known bookmaker in this county. We believe he is also financially interested in the operation of these places.

Mr. RICE. Does Tapper have any connection with Mickey Cohen?

Captain HAMILTON. Only in this respect: At the bottom of all this, all characters of this nature, in this type of business, do form alliances



for the purposes of making a dollar. I think it is hard to say you have a certain group that are an organization in themselves; they will ally themselves with other groups or other individuals, if there is an operation or an establishment to be opened. They always want a piece of it, as the expression is used throughout by the racketeers.

Mr. RICE. This Irving Glasser is in the bail bond business; is he not?

Captain HAMILTON. That is one of his businesses, yes.

Mr. RICE. Does Tapper have any relatives in that business?

Captain HAMILTON. I have heard that he has a relative, possibly by marriage, but I am not sure; Winnie Greines.

Mr. RICE. You mean a sister-in-law?

Captain HAMILTON. I think so, but I am not sure. You asked if Tapper was connected with Mickey Cohen. I believe that Mr. Brown, the former president of the Hollywood State Bank testified, or in a statement given to one of the law-enforcement agencies here, stated that Phil Tapper introduced Mickey Cohen to him and that Phil Tapper, in effect, guaranteed any loans that he might make to Mickey Cohen.

Mr. RICE. That is the same Brown that later on lent Mickey Cohen some \$30,000 on an unsecured basis?

Captain HAMILTON. Yes.

Mr. RICE. On Cohen's personal say-so?

The CHAIRMAN. \$25,000 I think it was, and I read in the papers where the bank had kicked Brown out.

Captain HAMILTON. That is right, yes.

The CHAIRMAN. Incidentally, Mickey Cohen also testified that Milano, in Cleveland, Tony Milano, also loaned him some money or told that to somebody. We had Milano on the stand in Cleveland. He said that Mickey Cohen just didn't know what it was all about; he didn't loan him any money. This Milano is head of a loan company and he said the loan company didn't loan him any money either. There is some conflict of testimony of testimony between Mickey Cohen and Tony Milano on that point. Mickey was, apparently, trying to show as many loans as possible to show how he had so much money to spend, I take it. Anyway, he got Milano all wrong, apparently. Go ahead, sir.

Captain HAMILTON. Now, the next man known to us is Charles W. Cradick, an attorney, whose interest in gambling goes back to the days of the pinball association in Los Angeles County. I believe he was the attorney for that organization. Now, he was stated to officers of this department that he has no interest in gambling at the present time or hasn't had recently. We believe that he has a considerable interest in either the Fortune Bridgo or the Surf Bridgo, which is located at 1401 Ocean Front. We also know that the committee is in a position to establish this, although we cannot. Mr. Cradick has denied any interest in the poker parlors in Gardena. Our information is that Mr. Cradick owned one-third of the Gardena Club.

Chief PARKER. May I interrupt and go into that?

The CHAIRMAN. Yes.

Chief PARKER. We have information that Cradick owned 40 percent of the Normandie Club in Gardena; that he was forced out of that club and required to take \$1,000 plus 1 percent for his interest and that the interest was then assumed by Sammy Rummel, now



deceased. He was to take \$1,000 per 1 percent. Then there was a man by the name of Fishon, who we also understand was forced out at the same time, and he committed suicide shortly after that.

Mr. RICE. Is Cradick a lawyer?

Chief PARKER. Yes.

Mr. RICE. Other lawyers were pushing him around?

Chief PARKER. We are deeply interested in that connection.

The CHAIRMAN. Does the bar association do anything out here about lawyers having investments in illegal activities?

Chief PARKER. Not to my knowledge.

Captain HAMILTON. There is an interesting connection in the Normandie Club. Prior to the time that Cradick sold his 40 percent interest he tried to sell it to a group which we understand consisted of Utley, Glasser, Curtis, and one or two others. Some of the operators in Gardena were against this sale and it was reported that the money that had been deposited at the beginning of negotiations to sell to this group was refunded and the subsequent sale, that the chief has mentioned, took place. One of the reasons that we are interested in that is because of the selling out for \$40,000 seems a very small figure, when we again have information that the average income per month from that 40 percent stock amounted to approximately \$8,000 per month, so \$40,000 would be a very cheap selling price.

Mr. RICE. That is net income and not gross that you are referring to?

Captain HAMILTON. Yes.

Mr. RICE. Along that line, what would one of those places gross in a year?

Captain HAMILTON. Do you know that, Chief?

Chief PARKER. I believe they estimate it at \$20,000 a month at the Normandie Club. I believe on the gross you would have a difficult time finding out what the gross is from our information.

Mr. RICE. We had figures on one place that grossed over \$1,000,000.

Chief PARKER. As I understand it, and this comes from an informant who we believe to be reliable, and who we believe to know what he is talking about, that at the end of the day, when the collections are made, and the audit is made on the tables, that some of the slips are destroyed and 10 to 15 percent is taken off of the top and the balance is recorded on the books.

Mr. RICE. What becomes of the cream?

Chief PARKER. It is used for certain charities and campaign funds and things like that, so far as we can find out. I am not really in a position to answer that; I really don't know what they do with it.

Mr. RICE. You get much of your information from informants?

Chief PARKER. This is a legal operation in Gardena, although the number of establishments might have something to do with your problem out there.

The CHAIRMAN. How come it is legal in Gardena and illegal in Los Angeles?

Chief PARKER. We have an ordinance that was adopted in 1917 that rules out all forms of gambling. An effort was made to present a bill to the legislature to pass a similar law throughout the State, but the bill did not get in. I might say with regard to the Normandie Club

the reason they were able to force out Cradick and Fishon was that there was no lease on the property and they were renting the place from month to month. When there was an attempt to bring in these other partners, the man who controlled the premises suggested to these two men that they get out or he would cancel their occupancy of the premises and they would have no recourse——

Captain HAMILTON. Here are the reports on Mr. Cradick. The next individual that we have, in fact, admitted that he had a percentage interest in the Bridgo establishments, and that is the former president of the Hollywood State Bank, Harold W. Brown.

The CHAIRMAN. Is he in Glasser's outfit?

Captain HAMILTON. He is in Glasser's group, those two places.

The CHAIRMAN. To whom did he admit that, to you?

Captain HAMILTON. No. I believe it was to investigators from the district attorney's office. It may have been to officers of my division as well. There were four places on the front that were considered to be controlled by this group, in addition to the two places that Mr. Glasser had permits in his name; the Surf Bridgo at 1401 Ocean Front, the permit was in the name of Norman R. Gartman. We believe the true records would show that this is also a place that is owned by the same group that we have discussed.

I will submit to you the photostats of the application and the report on Norman R. Gartman.

Now, the Lodge Bridgo, the permit was under the name of Edward Nathaniel Kohn. The application we are submitting herewith. We believe that is also one of this group that we have been talking about.

Now, Max Kleiger and Bernard Curtis are two other members of this group. Max Kleiger at one time applied for a permit to operate a game of skill and science at 1214 Ocean Front, Venice. Now, that premise is known as the Crown Bridgo. It is a very large establishment, the largest and most elaborate on the beach. That was never opened. The permit was first applied for by Gilbert Brown and the board of police commissioners denied the application and then Max Kleiger filed an application, as the sole owner and operator, and it was denied, the application was denied. Then after that it supposedly exchanged hands again and a new permit was applied for and denied, but he is one of the group with Glasser, Tapper, and Utley and this past year, Max Kleiger operated, at least, one game of a similar type in Santa Monica.

Now, in that game I believe that he filed affidavits in Santa Monica that Mr. Utley was not interested and had no financial interest in that game, but we do know that two other men that we are interested in had interests in that game; Sammy Rummel, the attorney who was killed on December 11 of last year and Mr. Curley Robinson. Samuel Robinson, I believe, is his correct name. The interest of Mr. Robinson and Mr. Rummel was held under the name of Jack Sanford, Mr. Rummel's brother-in-law, but they were interested with Max Kleiger in a similar type game in Santa Monica.

Chief PARKER. Perhaps the committee would be interested in the manner in which their interest was handled. Both Robinson and Rummel gave \$5,000 to Sanford who put it through his bank account and it went to Kleiger. Then as the returns came back, they would go to Sanford, who would deposit that in his bank account, take, oh,

\$200 off for his trouble and then make two separate checks in equal amounts, one to Robinson and one to Rummel. Sanford stated that Rummel told him he would show him how to take care of the income-tax problem.

Captain HAMILTON. The last man that we propose to submit at this time, on this group, is Bernard Edwin Curtis, whose record is attached. He is presently awaiting sentence on a bookmaking conspiracy, the arrest, I believe, being made by officers of this department.

He likewise had interests in places at the beach and at one time before he accumulated his police record, that he has, did apply in his name for a bingo license or bridgo license at the beach. This is the second application that I mentioned of Mr. Glasser where he signed and said he had no partners and the application stated that it was not a corporation.

The CHAIRMAN. Give us the others as quickly as you can.

Captain HAMILTON. Julius Wein, that is one that I would like to submit because we feel that there is evidence here of an interstate operation. Without going into the merits of the possible ownership of this establishment, the information that we have is that the Sensation Amusement Co. of New York, New Jersey, and Massachusetts, I believe, were the owners of a place formerly owned by Nate Franklin at the Ocean Park Pier.

Sol Biderman applied for the permit and stated he had no partners and it was not a corporation. We believe Sol Biderman was merely the operating manager for the Sensation Amusement Co., but that it is an eastern corporation that operates similar games at amusement parks on the east coast.

Mr. RICE. Such as at Revere, Mass., and at Atlantic City?

Captain HAMILTON. Yes. Now, that group that we have given you, while it pertains to Bridgo operations, which has not existed here for the past year and one-half, includes probably 75 percent of the large bookmakers that have operated in the past in and around Los Angeles. It seemed peculiar to us that the same group would be in an operation at the beach. But they do constitute the large group of bookmakers in this section. There are a few names missing, but, perhaps, if we could dig far enough we would find those, too.

Mr. RICE. Do you find that these principals are men who have grown up in the area or do they stem from other sections of the country?

Captain HAMILTON. Well, some are men that have grown up here but I would say that the majority of them were not born here locally.

Mr. RICE. Would you say of those that come out of the State, that they were engaged in rackets before coming in?

Captain HAMILTON. Yes.

Mr. RICE. I would like to ask you about Brophy, Russell Brophy; is he still around?

Captain HAMILTON. I believe he is. It is my understanding that he is in poor health at the present time. He has retired from the wire service, as of December 23 or 24, 1950.

Mr. RICE. Just recently?

Captain HAMILTON. Yes.

Mr. RICE. He is the son-in-law, I believe, of James Ragen, who was murdered?

Captain HAMILTON. That is correct.



Mr. RICE. He is inactive now, so far as you know?

Captain HAMILTON. Yes. His former partner, Mr. Green, has also stated that he retired, but I am not too sure of that. I think Green is still in the wire service.

Mr. RICE. Who is Edward Nealis?

Captain HAMILTON. Eddie Nealis was at one time a cafe operator here in Los Angeles, and also connected with the Mexican National Sweepstakes or the International Sweepstakes, S. A., as mentioned here this morning. The information that we have been able to get concerning that operation, the sweepstakes, is that it was run twice. The second time the prizes were not paid off and there was a good deal of money lost in that second operation.

Our information is that Mr. Nealis lost heavily in the second operation and was forced to sell or transfer considerable real property to pay off an indebtedness to Costello of New York.

Mr. RICE. What did Costello have to do with that?

Captain HAMILTON. Other than that he was reported to us as being financially interested in it. I believe that Irving Glasser was interested in that. He may be able to give you more particulars.

Mr. RICE. Would the story be, that as a result of that venture, Nealis had to transfer some real property to Costello?

Captain HAMILTON. Yes.

Mr. RICE. Worth how much?

Captain HAMILTON. \$200,000.

Mr. RICE. To Costello, to satisfy that indebtedness?

Captain HAMILTON. That is right.

Mr. RICE. Do you have any information as to where that property was?

Captain HAMILTON. No; we have not. We have never been able to establish that. He has interests in Texas and is presently in Texas.

Mr. RICE. You are speaking of Nealis now?

Captain HAMILTON. Nealis, yes.

Mr. RICE. All right, sir. Now, what about this Hayward Hotel and the Spring Arcade Building; what is the story on that?

Captain HAMILTON. In checking the list of stockholders of record of those two buildings we found a Matilda Evans was listed as one of the stockholders.

On checking Matilda Evans we found that same party to be the wife of Harry Evans of Chicago, who in turn is a partner of Murray Humphries, "Camel" Humphries.

Mr. RICE. You mean Murray "The Camel" Humphries?

Captain HAMILTON. Yes; who was closely allied to the Capone syndicate. Now, from the long list of stockholders, such as you have in those corporations, it is very difficult to find out who the real stockholders are. As Chief Parker has mentioned, as to the establishment in Santa Monica, with Jack Sanford holding an interest in the business and holding it for two other individuals, you have the same situation with the stockholders in a corporation; it is a difficult thing to establish other than by income-tax reports, who are the real owners.

The CHAIRMAN. Let me get this straight again. The Hayward Hotel and the Spring Arcade Building, that is the Spring Arcade Building Corp.?

Captain HAMILTON. Yes.



The CHAIRMAN. You say the principal stockholder was Matilda Evans and she is the wife of Harry Evans?

Captain HAMILTON. Yes.

The CHAIRMAN. Who, in turn, was an associate of Murray "The Camel" Humphries?

Captain HAMILTON. Yes.

The CHAIRMAN. I believe that Virgil Peterson, in his testimony, had something to say about Harry Evans being the brains of the Chicago mob.

Captain HAMILTON. Yes; Harry Evans is considered to be and I believe he has been termed "the financial wizard of the mob."

The CHAIRMAN. Did you find a Mrs. Greenberg as a stockholder?

Captain HAMILTON. Yes; a Greenberg who we believe to be the same as the old Canadian Ace and the Manhattan Brewery, which again was a Capone operation.

The CHAIRMAN. That is Mrs. Esther Greenberg?

Captain HAMILTON. Yes; the wife of Alex Greenberg, I believe.

The CHAIRMAN. Anyway, Mr. Greenberg testified before the committee, also at Cleveland, that he was the president and owner of the Manhattan Brewery and the Canadian Ace. Then I think you have Mrs. Gross; is she a stockholder also?

Captain HAMILTON. Leila Gross, I couldn't say. We did considerable investigation on Leila Gross but I couldn't say as to whether she was a stockholder of either corporation or not.

The CHAIRMAN. Who is Dr. Black, a dentist?

Captain HAMILTON. His name recurs quite frequently as being associated with people of this character. He is given personal reference by one person and then by the other, especially as to eastern racketeers that come out here. His name has recurred several times in the Leila Gross investigation.

Mr. RICE. How about Jack Guzik or known also as "Greasy Thumb"? Did he have any transactions in this area?

Captain HAMILTON. We have been unable to verify this but the manager of the Horseshoe Club in Gardena, Mr. Holleran, he is supposed to have had a meeting at the Beverly Wilshire Hotel, this last June or July, with "Greasy Thumb" Guzik. The purpose of the meeting, we don't know, but we do know something of the background of the Horseshoe Club and it does connect with the eastern rackets.

Mr. RICE. How about the Minneapolis-St. Paul mob, have they had any activities here?

The CHAIRMAN. By the way, someone who should know better than I, we were talking about Evans in Chicago—are you sure that is not Fred Evans?

Captain HAMILTON. I am sorry; yes, that is Fred Evans instead of Harry Evans.

The CHAIRMAN. Let me inject one thing here, if you will. I do not know if you have observed it or not, but I am sure that you have, Chief Parker and Captain Hamilton, that some of our good gentlemen of the press know more about this Nation-wide crime picture than anyone else that I know of.

Chief PARKER. I will agree with you that they are very helpful at times.

The CHAIRMAN. Since we have reeducated them, by taking them all over the country with us, they seem to have a very good grasp of the situation. In the beginning they taught us many things.

Mr. RICE. On the other hand, Senator, the witness in Washington the other day referred to an innocent newspaperman.

The CHAIRMAN. Well, he hadn't been around with the crime commission.

Captain HAMILTON. The Horseshoe Club is at 14305 South Vermont, in Gardena, and is a legally licensed draw-poker establishment, and one of the largest in Gardena, and that club is divided into 5,000 shares, with the following people having the listed number of shares——

The CHAIRMAN. Is this a corporation?

Captain HAMILTON. A corporation on file with the State of California; yes.

The CHAIRMAN. A California corporation?

Captain HAMILTON. Yes. Among the listed persons are Charles Holleran, who, I just mentioned, who is the manager, and he has 250 shares.

Mr. RICE. He was the fellow that was in touch with Guzik?

Captain HAMILTON. Yes. Tom Banks, of Minneapolis, has 750 shares.

The CHAIRMAN. Tom Banks; do you know who he is?

Captain HAMILTON. Tom Banks, from the reports that we received from the East is quite well known in Minneapolis and was one of the principal figures in the Twin Cities Transit Co. exchange of stock, which I believe was of interest to the committee when you were in that area.

The CHAIRMAN. He is a well-known underworld Minneapolis character.

Captain HAMILTON. Yes.

The CHAIRMAN. Thomas W. "Tommy" Banks?

Captain HAMILTON. That is correct, sir.

The CHAIRMAN. How many shares did he have?

Captain HAMILTON. Seven hundred and fifty shares. Harry Shepherd, who is an associate of Tom Banks or was in Minneapolis, has 500 shares.

The CHAIRMAN. Who was Shepherd? What does he do?

Captain HAMILTON. He was an associate of Tommy Banks in Minneapolis.

The CHAIRMAN. He comes from Minneapolis, too?

Captain HAMILTON. Yes.

The CHAIRMAN. According to the report of the Chicago Crime Commission—you have this, of course, the report that they sent out?

Captain HAMILTON. Yes; I have just found it. It says that Harry Shepherd is probably the owner of the Arona Boat Works and is an associate of Tom Banks. The report that we had was that Harry Shepherd was Tommy Banks' bodyguard. We inquired about that and the reply was that they didn't know if he was a bodyguard but that he goes around with him. Now, Harry Clark, listed here as owning 750 shares, does not show as a stockholder on file with the corporation commission. We had information that he was a stockholder. We had information he was a stockholder out there but he doesn't show as owning the stock with the corporation commission.

The CHAIRMAN. In that same report that we have referred to it describes Tommy Banks as the reputed head of the underworld in Minneapolis.

Captain HAMILTON. Yes.

The CHAIRMAN. Do you want to summarize what the report says about him?

Captain HAMILTON. He does have a criminal record. He is supposed to have a one-third interest in the Blue Goose, a gambling establishment about 100 miles north of Minneapolis. He is supposed to have the principal interest in Brady's restaurant in Minneapolis, which is a rather large restaurant, and is a part owner of McCarthy's, a large suburban bar and restaurant.

The CHAIRMAN. He was convicted in 1934 for activities in an alcohol ring; isn't that correct?

Captain HAMILTON. Yes; and fined \$2,000 as a result of that conviction.

The CHAIRMAN. Go ahead with the stockholders of the Horseshoe if you want to.

Captain HAMILTON. Another stockholder is Nate Shapiro, holder of 168 shares and Adele Shapiro, 166 shares, and Rose Shapiro, 166 shares.

The CHAIRMAN. Do you have anything on Nate Shapiro?

Captain HAMILTON. Yes. Nate Shapiro is presently a theater man in Chicago, who was formerly in the bar business and was formerly quite active in the same group with Tommy Banks and Bloomfield, Harry Clark, and the group that is known as the old Minneapolis mob.

The CHAIRMAN. I think he was convicted for assault on one occasion.

Captain HAMILTON. I don't believe I have other information.

Another stockholder of record is Pearl Palm, 250 shares. Now, we believe her to be the wife of Joe Palm, of San Francisco, who was sentenced to the State penitentiary within the past 30 days for the possession of opium and has served time, I would say, at least three times prior, primarily on narcotic charges.

Mr. RICE. Along that line, do you find that these individuals involved in these games frequently have narcotic-violation charges as well as gambling charges against them?

Captain HAMILTON. Those things in organized crime certainly go together. Just like we have a group here that are interested in book-making and narcotics, the Sica group. They have a record of such activities for several years.

Another shareholder listed with the Horseshoe Club is Flippy Share, from Minneapolis, who owns 500 shares.

The CHAIRMAN. Do you have anything on him?

Captain HAMILTON. He has an old record, prior to 1931, and is considered a bad actor, and stated that in 1931 he missed another rap by the skin of his teeth because the testimony of two ballistic experts differed. He, at that time, was charged with the shooting of a north-side Minneapolis bookmaker and bootlegger.

His gun was traced to an Indiana bank robbery, which resulted in the killing of a woman, but he got out of that, too. That was all prior to 1931. He was also charged with shooting a man from a passing car, but that one wasn't fatal; the man lived.



He is also alleged to have thrown a stench bomb into a cleaning place that apparently wouldn't cooperate. He also is known as a slugger. He got out of everything except a \$100 fine for carrying concealed weapons, although he did do time on a Federal liquor charge during prohibition. I believe that he did around 4½ years.

His attorney at that time, at the time he was in trouble, was Mr. A. M. Carey, who has also represented Tommy Banks and virtually every criminal of note around Minneapolis. Carey's most recent client was Fred A. Ossano, a Minneapolis lawyer, who is presently under grand jury indictment for perjury in connection with a city council slush fund in Minneapolis. He is also associated with the Horseshoe Club. I have mentioned Harry Clark. Clark is not a stockholder of record, but he has 750 shares. He is also known as Brady, and is one of the interested parties in Brady's Bar.

The CHAIRMAN. Where does he come from?

Captain HAMILTON. Minneapolis.

The CHAIRMAN. Is that Harry H. or Harry T.?

Captain HAMILTON. I have it as Harry T. I believe at one time I had his name as Harry H. Clark, but the record I have in front of me, taken from the corporation commissioner's office, shows Harry T. Clark.

The CHAIRMAN. Do you know anything about him, about Harry Clark? We know that he is a close associate of Tom Banks and was at one time head of the bar corporation in the city of Minneapolis. Did you know that?

Captain HAMILTON. No; I have very little information on Clark at the present time.

The CHAIRMAN. Let's proceed with any others.

Captain HAMILTON. We found that there are several ex-convicts that seem to be present around the Horseshoe Club from time to time; in fact, quite frequently.

The CHAIRMAN. Do you have any others from Minneapolis or from out of the State, hoodlums, owning big amounts of stock?

Captain HAMILTON. Jack Hecht, who is now deceased had 750 shares. His shares are divided between Jack Davenport, 250 shares; and J. Stanley Brown. Brown has 500 shares. J. Stanley Brown is from Minneapolis. I haven't his record present with me but it is an interesting record. He is a graduate of Alcatraz.

The CHAIRMAN. Are you referring to Davenport?

Captain HAMILTON. No; J. Stanley Brown.

The CHAIRMAN. How about Davenport?

Captain HAMILTON. Davenport, there again, we do not have too much information on him other than he is reportedly the brother-in-law of Willie Heeney, who again, is reported to us as the boss of Cicero, Ill.

The CHAIRMAN. I think the record shows also that he is a close associate of Harry Sawyer, who was mixed up in the Bremer kidnapping back in Minneapolis; sometime back.

Captain HAMILTON. That is one of the difficulties we have, Senator, in these out-of-State cases with these out-of-State characters, that is, getting the information as to just what their background is.

The CHAIRMAN. I think you have gotten it very well.

Captain HAMILTON. Thank you.

The CHAIRMAN. Do you have some other stockholders there?



Captain HAMILTON. There is one additional stockholder of record, and that is Bo Herbert.

The CHAIRMAN. Bo Herbert?

Captain HAMILTON. Yes. As far as we have been able to ascertain, he is from Pasadena and is a restaurant man. We haven't been able to find a criminal record on him.

The CHAIRMAN. Well, he probably operates the food part of it; they probably have him in there for a front or something.

Captain HAMILTON. Yes.

The CHAIRMAN. As a matter of fact, these fellows do come in and take up different names and you don't even know who they are, I suppose. I suppose they come in faster than you can identify them, don't they, Captain Hamilton?

Captain HAMILTON. Yes.

The CHAIRMAN. Is that one of your big problems, out-of-town hoodlums coming in and you will have a very difficult time keeping up with them?

Captain HAMILTON. Yes. With the rapid growth of this area, not only the city of Los Angeles, but the entire area of southern California, if it is a desirable place for people that want to earn an honest living, it is also just as desirable for people who want to earn a dishonest living. Doubling in population the way it has, it is very difficult to keep up with that.

Chief PARKER. May I comment on that for just a moment, Senator?

The CHAIRMAN. Yes.

Chief PARKER. Our problem has increased tremendously with this influx of population. We are actually working with about 300 police officers less in this city today than we had a year ago.

We find that it is almost impossible, and an impossible task today, to do a thorough job on the many and varied problems that face our department. So we do not have available a sufficient number of men to do a complete and thorough investigation of all these characters that are coming in here that we may suspect have been involved in illicit activities in other parts of the United States.

The CHAIRMAN. I believe you said, when you were with us before, that you had some 4,469 policemen; about 4,400 authorized, but you needed about 6,000.

Chief PARKER. According to a survey conducted we should have in this community 3 policemen for every 1,000 population, so based on the current population of 2,000,000 we should have about 6,000 police officers as a minimum. We are authorized approximately 4,494, I believe is the figure, but because of financial limitations and other problems, we have on the rolls today 4,178.

Mr. RICE. Along that line, do you find that the Bridgo-Bingo outfits help law enforcement or do they create a substantial problem? Are there crimes stemming from that?

Chief PARKER. The type of people they attract are usually fringe group that eventually cause you much trouble. The fact that they were taking about \$4,000,000 a year out of the community and dislocating economically a lot of people who wouldn't resist the impulse was another dislocating factor that gave us considerable concern.

Mr. RICE. Do you also find that the fight over the spoils sometimes creates a major problem from a law-enforcement point of view?

Chief PARKER. I think we are faced with some very major problems today, from a law-enforcement point of view, involving some murders stemming from a fight over the spoils or certain activities that I choose to classify as gambling, whether they are stamped so legally or not.

Mr. RICE. You find that crime breeds crime?

Chief PARKER. Yes.

Mr. RICE. And more serious crimes?

Chief PARKER. Yes.

Mr. RICE. Along that line, Chief, in your endeavors to stamp out these activities, have there been any opposition to you which would go as far as threatening you or Captain Hamilton?

Chief PARKER. Yes. Captain Hamilton can probably report to you on an incident that he evaluated. My wife has been bothered considerably. We have had to change the telephone in our home and as a result of it I have had several reports on plots to frame me and then there is one instance that Captain Hamilton has had called to his attention, about a month ago, which was of a more serious character.

Captain HAMILTON. Well, we don't tell the chief of all of those things. After all, he is entitled to enjoy life a little. About a month ago there was a report came to us from a generally reliable source that the chief would be taken care of at 8 o'clock that night. At that time the chief's schedule was such that he was scheduled to appear and address a group at a location here in town, that was ideal for ambush.

Mr. RICE. Speaking of addressing a group, you mean a group of citizens, a club?

Captain HAMILTON. Yes. He was scheduled to leave at 8 o'clock. The entrance to this particular place is very dark; it is off the road. While it is a large establishment and has a large banquet hall, it was ideal for ambush.

We covered his arrival and departure there and there was no incident. However, the source of the information was such that we not only covered him at the time but over the week end for matters of safety.

You cannot discount a story of that nature when the location is an ideal location. It was an ideal place, as ideal as the place where Rummel was assassinated and, perhaps, even more so.

Mr. RICE. What is the nature of these telephone calls, Chief?

Chief PARKER. Generally they are people who refuse to identify themselves and call my wife and pester her with false information concerning my activities, particularly on week ends women would call and demand to talk to the chief, as a matter of life and death.

Of course, I could visualize the recording equipment on the other end of the telephone, in the usual technique of attempting to trap you into a conversation that could be cut and misinterpreted and that sort of thing; just harrassments.

Mr. RICE. You mean attempts to frame you?

Chief PARKER. There was one meeting held in which an informant sat in, in which it was definitely stated they had to get rid of Parker and the only way to do it was to discredit him with the community.

Mr. RICE. Is your job elective, Chief Parker?

Chief PARKER. It is a civil-service appointment.

Mr. VAN BRUNT. You testified, Captain Hamilton, that Adele Shapiro was a stockholder in the Horseshoe Club?

Captain HAMILTON. Yes.

Mr. VAN BRUNT. How much stock was that that she had?

Captain HAMILTON. Adele Shapiro, 166 shares, Rose Shapiro, 166 shares, and Nate Shapiro, 168 shares.

Mr. VAN BRUNT. There are the three Shapiros, Nate, Adele, and who else?

Captain HAMILTON. I have a report here on the stockholders of record and that will clear that up.

The CHAIRMAN. If you will give that to us, we would appreciate it.

Mr. RICE. I think at this time we should probably submit this staff report, Senator, that relates to the subject that we have been talking about, about the poker parlors at Gardena.

The CHAIRMAN. It will be copied into the record at this point as exhibit No. 36.

(Exhibit No. 36 is as follows:)

#### COMMITTEE STAFF REPORT ON POKER PARLORS AT GARDENA, CALIF.

The well-known poker parlors at Gardena are presently operating under City Ordinance No. 241 which was passed and adopted, and subsequently repealed previous Ordinance Nos. 149, 172, and 214. A copy of this ordinance is attached to this report.

In checking this ordinance it was found that under section 3 the licenses under which the poker parlors are presently operating are issued by the Gardena City Council. In order to obtain licenses the persons making applications must obtain application forms from the city clerk and on said forms they must show the names of persons, firms, or associations applying for the licenses, in addition to information relative to the nature of the games proposed, the number of tables to be had in the establishment, and they must certify that no intoxicating liquors will be sold at the location. Section 3 further reveals that the city council would not consider applications for less than 20 licensed tables in any given establishment.

Section 4 of this ordinance reveals that the person making application must furnish at the time of the filing of the application a \$100 application fee, a \$3,000 permit fee, and a deposit for the first year's license in the amount of \$700 per table to be had in any given establishment.

Section 5 relates to the chief of police and the building inspectors conducting an investigation after the application is filed. It further reveals that the city council cannot proceed further with the issuing of a license until such investigation is completed, unless the investigative report is not filed within 30 days, in which case the council can proceed further and grant, with or without conditions, the license.

Section 10 of this ordinance relates to the miscellaneous provisions under which the council can cancel or refuse to issue permits or licenses. Included under this are: That permits may be revoked or refused if the games are not conducted in the plain view of all patrons in the establishment, or that if the game for which the permit is applied for is unlawful.

Section 12 limits the number of permits to six for the entire city of Gardena. Section 14 relates to the transfer and assignment of permits and licenses and states that applications for the above shall be submitted confidentially to the city council through the city clerk; that an investigation fee of \$250, which is nonrefundable, is to be paid by the person requesting such a transfer or assignment. If the transfer is granted, a \$100 transfer fee is to be paid. With reference to the confidential aspect of this section, paragraph 2 of page 14 of the ordinance states:

"In granting or refusing to grant any such application for transfer or assignment, or in taking any other action with reference thereto, the city council may refer to such application by the number assigned thereto by the city clerk and such reference shall be sufficient for all purposes with respect to the application bearing such number, thereby preserving the confidential nature of the subjects, matters, and things covered by such application and the council's action thereon."

Section 15 of the ordinance relates to operating agreements and councilmanic control thereof and confidential records. Under this section, after setting forth



several requirements relating to the transfer of leasing, the section states in part 2 of same that:

"All statements, agreements, reports, and information filed with the city council, under the provisions of this section 15, shall be confidential and shall not be opened to public inspection, but shall be furnished for the information and use of the city council, chief of police, city clerk, and city attorney of said city, and their authorized representatives only; provided, however, that nothing herein contained shall be construed as to prevent the use of the same in any court of competent jurisdiction where any matter relating thereto may be actually pending."

Section 17 covers miscellaneous rules and regulations and sets forth such matters as no person under the age of 21 may play draw poker; no intoxicated person may be allowed to play draw poker; that the establishments shall not conduct games between the hours of 4 a. m. and 10 a. m.; that nobody except those licensed by the city of Gardena or a lawfully authorized common carrier shall transport persons to and from places of business conducting card games in Gardena; that the establishments covered in the ordinance shall not advertise through newspapers, magazines, radio, television, pamphlets, or other advertising media other than through authorized signs on their places of business.

Section 22 relates to presumptions and states:

"The city council, in adopting the provisions contained in this ordinance and establishing the regulation of the business operated or to be operated by a permittee and licensee who permits the playing of the game of draw poker, does hereby declare that the playing of games not prohibited by statute is conducive to public morals, and that in any proceeding to annul a permit or license issued under the provisions of this ordinance, or to abate the business conducted thereunder, or to prosecute the licensee or his employees for any acts authorized thereby it shall be presumed that such acts are not unlawful, and that such business is not a public or private nuisance."

Section 23 relates to unlawful games not authorized or permitted and sets forth as follows:

"Nothing in this ordinance contained shall in any manner whatsoever operate to authorize, permit, or license, or be construed to authorize, permit, or license, in any manner whatsoever within said city of Gardena, any game of keeno, bingo, bridge, lotto, relaxo, skill ball, or any game, the playing of which is similar thereto, or any game prohibited by the laws of the State of California or the ordinances of said city of Gardena, nor shall any city license be issued therefor."

Section 25 of the ordinance relates to penalties and places the penalties for any violations at a fine of not to exceed \$500 and/or 6 months in the city jail.

Investigations conducted into the poker parlors in Gardena show that at this time there are in existence in Gardena some six such establishments which are identified as (1) the Embassy, (2) the Horseshoe, (3) the Monterey Club, (4) the Normandie Club, (5) the Gardena Club, and (6) the Western. At the present time the Western is not in operation; however, the operators of same are considering reopening within the very near future.

An active investigation has been conducted into the operation of these establishments with the thought in mind of ascertaining if any of the places of business were controlled in any way or manner by eastern hoodlums and eastern money. Of the six establishments presently in operation, it has been definitely established that the Horseshoe is without a question controlled and financed by a syndicate with headquarters in Minneapolis. The city license for the Horseshoe Club was issued to and is in the name of the American Legion Post at Gardena, who in turn has leased or rented this to one Hardy Lee, formerly a contractor who is reportedly the brother-in-law of Tom Banks of Minneapolis. So far as the official records of the city of Gardena are concerned, this individual, as related by himself, is supposedly the sole owner and operator of the Horseshoe. In reality, however, as learned through investigation, several persons, most of whom are from Minneapolis, are actually the so-called partners in the over-all operation. It is strongly believed that a contract exists between these individuals and that as a result of this contract the profits from the Horseshoe are split according to the percentages held by each of the owners.

Investigation so far has revealed the following persons from Minneapolis as having interests in the Horseshoe: Harry Clark, 15 percent; Nate Rose and Dale Shapiro, 15 percent; Tom Banks, 15 percent; Jack Hecht, 15 percent. (Hecht is deceased and his interest has reverted to Jack Davenport, 5 percent, and J. Stanley Brown, 10 percent.) Phillip Share, 5 percent; Joe Palm and



sister, Pearl, 5 percent; Bow Herbert, 15 percent; Charles Halloran; Hardy Lee; Attorney Meshbeshier.

As will be noted, the above percentages total 85 percent of the Horseshoe operation. It has not been learned to date as to who controls the additional 15 percent of the Horseshoe; however, it is felt that this latter percentage is used to take care of general operating expenses and that it is held in the name of some unknown person.

Of the above-named persons the following are actively engaged in the operation of the Horseshoe: Phillip Share; Charles Halloran, who is acting as general manager; Hardy Lee, who is operating as the licensee; Jack B. Davenport; and J. Stanley Brown.

It will further be noted from the above that Halloran and Meshbeshier have not been identified as persons having a percentage in the Horseshoe. However, it is felt that their connection or interest in the business is perhaps had with those mentioned as having a percentage. All of the above-named individuals are well known to the underworld element, and further descriptive information as to such connections regarding some of the above will be set forth later in this report. A number of the employees in the Horseshoe have extensive criminal records.

In addition to those previously named in this report who are from out of the State of California, an interest in the Horseshoe is had without a doubt by local hoodlums whose interests it is thought are through one Johnny Byrnes. Byrnes has been questioned as to his connection with the Horseshoe Club; however, he has refused to identify himself as having anything more than an interest as comanager. Byrnes is known to have a considerable "in" with the city council of Gardena through one C. Fred Kerr, who is regarded as a former bootlegger and a big property owner in Gardena. Although not definitely known, it is felt by some that the additional 15 percent earlier mentioned in this report is in the name of Mr. Johnny Byrnes.

The license under which the Horseshoe Club is presently operating was originally issued to the Casino Club at Gardena and considerable difficulty was encountered due to the new ordinance having been passed in transferring the license from its original location to the location of the Horseshoe. It has been reported that Byrnes, because of his connection with Kerr, was instrumental in bypassing the rules as they exist in the new ordinance; namely, because he and his associates threatened to take the matter up to the Supreme Court in order to effect the transfer. It has further been reported that because of these threats the operators of the other establishments felt that it would behoove them to allow the transfer rather than to have the case made an issue of and have the entire poker picture as it exists in Gardena ruled to be illegal.

As previously reported, a large percentage of those connected with the Horseshoe Club are ex-convicts and it has been reported by some that if a person with a criminal record was interested in obtaining employment at the Horseshoe, he was informed that he would have to first buy an interest in the establishment thereof; in reality he never was given such an interest after paying for same. Informants stated that in this manner ex-convicts are given employment at the Horseshoe. Typical of some of the hoodlums and ex-convicts employed at the Horseshoe at this time is one Raymond Wagner, Los Angeles Police Department No. 15630. Wagner is an ex-convict and served time for the kidnapping of one Zeke Carress. Wagner is at this time employed as the cashier in the restaurant section of the Horseshoe. He was also involved in the shooting of a Long Beach police officer at which time Wagner himself was wounded. It has been reported that Johnny Byrnes was instrumental in having Wagner paroled by guaranteeing him employment.

As to the capital presently invested in the Horseshoe, it has been reported that approximately \$225,000 has been invested in the housing. The building is had in the name of VerCrans Corp., and it is believed that the money in this corporation was furnished by the previously mentioned eastern hoodlum element.

Regarding the recent Samuel Rummel shooting at Los Angeles, it has been mentioned that Rummel had a 15 percent interest in the Monterey poker club at Gardena with Ernie Primm. Rummel, although on the surface he held only a small percentage of this establishment, was extremely active in the Gardena poker parlor picture and was relied on strongly in drawing up ordinances, etc., under which the various clubs are operating. It has also been rumored that the recent ordinance No. 241, earlier mentioned in this report, was prepared by Attorney Samuel Rummel. Rummel is also reported to have thrown his weight around in Gardena to a great extent, and this action on his part was allegedly

resented by the operators of the Horseshoe Club in Gardena. The fact that this condition existed so far as Rummel was concerned is not being overlooked by the Los Angeles Police Department as perhaps being a motive, or at least an instigating factor in the shooting of Samuel Rummel on December 10, 1950.

Regarding the eastern reputations of some of those interested in the Horseshoe, investigations have revealed that Thomas W. "Tommy" Banks, the reputed head of the underworld in Minneapolis, is regarded as a mysterious individual having a criminal record. But for many years his operations have been shadowy although details of these operations are not very well known to the police or other well-informed authorities in Minneapolis. It has been reported that Banks is one of seven men who were convicted in Federal court in 1934 for activity in an alcohol ring. Banks has admitted participation in this ring which was charged with conspiracy to violate the Federal Internal Revenue Act, as a result of which he was fined \$2,000. For many years it has been rumored that Banks is the behind-the-scene operator of a number of leading liquor spots in Minneapolis. He is on record as being a part owner of McCarthy's, a large suburban bar and restaurant, and there is very little doubt in the minds of those contacted that Banks in reality controls McCarthy's. He is also believed to be the controlling factor in the Cassanova and Brady's, both large downtown bars, and that he is the master of the Blue Goose, near Mille Lacs, 100 miles north of Minneapolis.

As a result of further investigations conducted, it was learned that Charles Halloran is a close associate of Banks. Regarding Harry Clark, he is alleged to have an interest with Banks in Brady's bar and has for a long time been an associate of Tommy Banks. Clark is regarded as a prosperous individual, prosperous enough to own a cabin cruiser on Lake Minnetonka, and in 1949 the Clarks and the Bankses held this interest together. Clark, according to official records, is listed as the president and manager of Brady's bar.

Regarding Nate Shapiro, he is listed as being a theater operator who for the past few years has been going "fairly strongly." He has long been active in the bar business and is regarded as probably still having financial ties in same. Phillip "Flippy" Share is regarded in Minneapolis as being a typical hoodlum, although his criminal record stops in the year 1931. Share was involved in a murder back in 1931 for which he narrowly missed being convicted because of the testimony of two ballistics experts who differed in their opinions. He was charged with the shooting of a North Side Minneapolis bootlegger and bookmaker. Share's gun at the time was traced to an Indiana bank robbery which resulted in the killing of a woman, but Share was also able to get out of this charge. He has also been charged prior to 1931 with shooting a man from a passing automobile, throwing stench bombs into cleaning establishments who apparently were uncooperative, slugging people with blackjacks, and so forth. Share has always been able to get out of the trouble he got himself into except for one case in which he was made to pay a \$100 fine for carrying a concealed weapon.

It is pointed out that Share's attorney, A. M. Gary, also represents Tommy Banks and virtually every criminal of note in that area. It was also learned that Share entered the United States Army in 1942 and that he is regarded back in Minneapolis as presently having an interest in the Horseshoe Club at Gardena with Tommy Banks, although the latest information is that he is not at this time in California, having left California in September 1950.

Regarding Simon Meshbesh, he is regarded as a prominent attorney who handles many criminal cases and associates closely with A. M. Carey. It is significant that his name appears often as attorney and notary in connection with liquor licenses.

Regarding Jack Davenport, very little information was obtained on him except that he was alleged to have run a gambling establishment in Minneapolis.

Tommy Banks also figured very prominently in the recent Twin City Rapid Transit Co. dispute and his connections in this regard are well known to the committee.

H. R. VAN BRUNT, *Investigator.*

The CHAIRMAN. Captain Hamilton or Chief Parker, I think you told us in your previous testimony that you found some crap games going on around here where they used collapsible crap tables that they can carry in the back of an automobile and take these collapsible crap tables from house to house.

Chief PARKER. Yes; we have been annoyed with that. They generally go into a residential neighborhood and occupy a vacant residence. The crap tables are manufactured so that they can be carried and folded in the back end of an automobile. They are quite elaborate affairs of standard size. Then there is, what I choose to call, a sucker list. When they set the game up the suckers are contacted; a free bar is established and they are encouraged to partake freely of the liquor and the game runs rather high with \$25 or \$50 bet on every roll of the dice. We have arrested three or four of those games in the last 4 or 5 months.

The CHAIRMAN. About the time that we came out here last year, you had just put into operation a consolidation of your vice squads with the sheriff's office and with other municipalities in the county of Los Angeles, so as not to have jurisdictional disputes and whereby you could all work together on these matters. Has that been carried out?

Chief PARKER. That is working very well and the degree of co-operation is high. There is an interchange of information. We have formalized that so all the information we obtain about vice activities in other jurisdictions is sent to a combined vice and booking squad and they have made arrests in the city, other communities have, and we have assisted them in making arrests outside of the city, when we get the information. I do think we have made a great deal of progress. In fact, a number of people say it is very hard to place a bet in Los Angeles.

The CHAIRMAN. We find all over the country, and that is particularly on the part of the sheriffs, that is one of the principal ways of explaining why they haven't done anything; they don't take jurisdiction in the city and they pass the buck back and forth and some city police departments pass the buck to the sheriff's department. By using jurisdiction as an excuse they pass the buck from one to the other.

Chief PARKER. The District Attorney's office is also engaged in that operation, in assisting us with the other enforcement agencies, so that means that the enforcement agencies have come together in a common understanding in attacking this problem. I believe we have made a great deal of progress in this area, Senator, since your last visit here.

The CHAIRMAN. That is very encouraging. Now, will one of you tell us whether you found some evidence of a group of fellows getting together, racketeers or gamblers, to try to take over or to try to open up the city of Los Angeles some time ago?

Chief PARKER. Yes, sir. We have very definite information that funds were being collected to foster the recall of the mayor and that funds were being collected on the basis that certain privileges in the operation of vice establishments would be afforded to the contributors. I know one individual, personally, who was approached and asked to contribute \$1,000 on the basis that he would be rewarded with some vice spot when the recall was successful.

Mr. RICE. Which spot was he to get?

Chief PARKER. He would be given an opportunity to operate, either prostitution or gambling. I was informed by one undercover informant that all of Hollywood had been allocated in advance and, apparently, the campaign funds were being collected by Attorney Sammy Rummel, now deceased. That, I believe, is actually what was intended that we know by reason of the individuals who were involved



in this recall group, that there were a number of persons who had formerly operated rackets in this community and they had banded together in back of this recall. I was convinced that they fully intended to open the city up and it was at that time that this meeting was held. The men were identified to me who sat in on it.

The CHAIRMAN. What meeting and who were the men and where was it held?

Chief PARKER. The meeting was held in a room that involved, as I understand it—do you want me to state the names? I will have to do it from memory.

The CHAIRMAN. If you know them.

Chief PARKER. Well, I understand that Moe Sheffield was in the group and he at one time was a former member of the Los Angeles police department, who had quite a reputation on the east side of town; possibly Jimmy Bolger.

The CHAIRMAN. Unless you know of your own knowledge, then we don't want these names.

Chief PARKER. That is the thing. This thing was brought to me by an informant.

Mr. RICE. Was Utley there?

Chief PARKER. I don't believe he was there; there were five or six men in a group. I could check it.

The CHAIRMAN. Didn't you also get a recording or have you heard that recording? I think we have seen the transcript of it. Haven't you heard the Polly Gould recordings; doesn't that tie up some of the people?

Chief PARKER. I believe Captain Hamilton is more familiar with those recordings. I personally have not listened to it.

Captain HAMILTON. I am in the same position, Senator. I have read some of the typewritten transcripts of it. I believe you have a member of your staff who is probably more familiar with it than we are. It was obtained from San Francisco.

The CHAIRMAN. Obtained by Frank Ahern or Cahill?

Captain HAMILTON. Yes.

The CHAIRMAN. Well, that was to the same effect, that there was a general effort to open up the city.

Captain HAMILTON. That is the general trend of it; yes. Again I am not qualified to say about that.

The CHAIRMAN. We have a transcript of the recordings, I think, somewhere. Now, your recommendations, I take it, that you made to us, I think both of you gentlemen, made your statements or recommendations to us in our last hearing. Both of you gentlemen impress me as being intelligent and capable officers.

Now, I think you told us in the first place, that you need some way of bringing together information from other parts of the country to relate it to your local situation.

Chief PARKER. Yes.

The CHAIRMAN. And that you need some method, you feel, of getting information that might be in Government files, so that you can prove your cases?

Chief PARKER. Yes.



The CHAIRMAN. You also said something about the wire service and stopping shipment of gambling devices?

Chief PARKER. That is correct; yes. Along those lines, Senator, we have been successful in having introduced in this session of the legislature a bill, assembly bill No. 961, whereby if the bill was adopted we will be authorized, upon an order of the superior court, by a superior court judge, to intercept telegraphic and telephonic communications when we have reason to believe such communications are being used for an unlawful purpose. Based upon an affidavit filed with the district attorney and submitted to the superior court judge, and if the judge of the superior court deems sufficient evidence is present, he may issue such an order to us. I believe the last time your committee was here we recommended Federal legislation and I understand a bill has been introduced in Congress along the same lines from the Federal viewpoint.

The CHAIRMAN. Yes.

Chief PARKER. We do have this one in the State legislature. It would certainly enhance the efficiency of law enforcement, in the event that we are successful in getting that law passed through the legislature.

The CHAIRMAN. We do have a great FBI in this country but they can't do everything. I know that you send much information to the FBI, but do you get much information back? Do you get full cooperation?

Captain HAMILTON. Not referring to any one Federal agency alone, but the general principle is that each law-enforcement agency is interested in the job that they are doing; the job they are trying to do. Now, particularly with Federal agencies it is a one-way track in many instances.

The CHAIRMAN. One way from you to them or from them to you?

Captain HAMILTON. From us to them; I am sorry to say.

The CHAIRMAN. You send them a lot of information but get very little back; is that it?

Captain HAMILTON. Yes. In many cases they are restricted by the laws under which they operate.

The CHAIRMAN. I think that is correct. They have limitations on what they can send out and there isn't any over-all bringing together the information that they have.

Chief PARKER. I don't think we should overlook the value of the services of the FBI, the service that they render on fingerprints and bringing together the criminal records on people who we might otherwise not be able to identify. That is indispensable to us.

The CHAIRMAN. Besides that there is their service, their expert service, in ballistic matters.

Chief PARKER. The FBI has assisted us in the current investigation of the murder of Sammy Rummel. It was through their good offices that we were able to identify the gun as having been stolen in Kansas in 1901. They have given us assistance in many matters, whenever they could.

The CHAIRMAN. The FBI, of course, is a wonderful organization. The difficulty with all of our Federal agencies, is, as Captain Hamilton

has stated, they have limited jurisdiction and none of them have an over-all jurisdiction for investigation.

If there is nothing further, then that will be all, gentlemen. Thank you very much for coming in.

We will take a short recess now.

(A short recess was taken.)

(Exhibit Nos. 34 and 35 follow:)

PLAZA BRIDGO, 11 VENICE PIER, VENICE

*Applicant: Gilbert B. Brown*

G. Brown was formerly employed as a commercial shark fisherman for 10 years, working out of San Pedro, Calif. He was skipper of the boat *Tivuron*.

He first entered into the "Bridgo" business by building the "Crown" Bridgo Parlor, 19-21 Ocean Front, Venice, with money he obtained from James J. Contratto, Homer West, and Benjamin Gordon that he was introduced to them by his brother, Marvin "Nigger" Brown. The "Crown" Bridgo was never opened because the authorities closed all "Bridgo" parlors in the city of Los Angeles just prior to his completing the building. He then sold this parlor to Mrs. Mollye Klein.

Although Gilbert Brown states that a note was given to each of the above parties and that neither his brother, Marvin, or the others have a percentage of the business, it is believed that Gilbert Brown is the front for the combine of James Contratto, Benjamin Gordon, Homer West, Marvin Brown and Jack Vertlieb, aka Jack Burke.

No criminal record.

Gilbert B. Brown made application for Bridgo on June 3, 1949, for the location of 21 Ocean Front, Venice, Calif., "Crown Bridgo" which was denied August 3, 1949.

On July 25, 1950 Gilbert B. Brown made application for a Bridgo permit to operate at 11 Venice Pier, Venice, Calif., "Plaza" Bridgo, which was denied September 20, 1950.

See attached photostatic copies of these applications.

JACK BEEKOWITZ, ALSO KNOWN AS JACK VERTLIEB, JACK BURKE, AND  
JACK BURKOWITZ

The following is record as obtained from L. A. Police files under L. A. No. 46426. Desc.: MWA 38/46 5'6", 165, grey hair, blue eyes.

F. P. C.: 

	M	9	U	00M	9
19	L	2	U	001	16

12-18-34 Arr. Susp. 459 PC (Burg.) So. Gate. No. dispo.

10-26-38 Arr. Susp. 337a (Bookmkg). To. L. A. Co. Dism. 1-6-39.

5-23-41 Arr. Susp. 337a (Bookmkg). \$200 fine. 2 yrs. probation.

1-3-42 Arr. Susp. 337a (Bookmkg). Released.

8-30-46 Arr. Susp. 337a (Bookmkg). To. L. A. Co. Dism. 9-10-46.

Burke has been associated with gambling circles for many years. He was at one time associated with Mickey Cohen in gambling interests in Burbank and Sunset Strip. Later he is known to have been associated with James Contratto in baseball and football bookmaking. He moved his bookmaking activities to Las Vegas where he was reported to have been doing business under the name "Flamingo Service." During the year 1950 Burke and James Contratto were reported to have purchased an interest in the El Rancho Vegas Hotel in Las Vegas and Contratto moved to that city.

It is believed by various sources, but not confirmed, that Burke had an interest with Contratto in the Plaza Bridgo.

## PLAZA BRIDGO, 11 VENICE PIER, VENICE—continued

*James J. Contratto*

Under L. A. County No. 143592 obtained the following record:

Desc: WMA (Italian descent), 52/49 5'8½", 204, brown hair, brown eyes.

S 1 TRO 8

F. P. C.: 10 S 3-OH 7

Arrested 2-13-31 C. O. 439-2 (Gamb.) D Rel. on Bail.

Arrested 7-9-31 DA C. O. 439-2 (Gamb.) Rel. on Bail.

Arrested 2-8-33 330A (Gambling) Rel on Bail

Arrested 12-5-34 C. O. 439 (Gambling) Rel. on Bail.

Arrested 11-1-49 337a (Bookmaking) No Disposition.

From State Dept. of Justice obtained the following record:

12-10-36 St. Bd. of Equalization, Appl. Liq. License.

6-11-43 Police Dept., Reno, Nev., Appl. Liq. License.

3-30-45 Police Dept., Reno, Nev., Appl. Liq. License.

Mr. Contratto is well known to authorities throughout Los Angeles County for his gambling and bookmaking activities and his connections in Las Vegas. He is a good friend and business partner to Jack Vertlieb, also known as Jack Burke, and has been associated with him in several gambling enterprises.

Mr. Contratto, in an interview by officers, stated that he first met Gilbert Brown when Mr. Brown and his brother, Marvin Brown, approached him to invest in the Crown Bridgo parlor, which was to be rebuilt from a former night club. This investment was to be made in the way of a loan of \$23,000 which loan was guaranteed by Marvin Brown. He stated that he understood that an additional loan of \$25,000 was made from Homer West and Benjamin Gordon and that he had known West and Gordon for several years and that they are legitimate businessmen.

Mr. Contratto has also, in the past, been associated with Marvin Kobey who was the owner of The Guarantee Finance Co. and was also associated with him in a bingo game in Bell, Calif.

## PLAZA BRIDGO, 11 VENICE PIER, VENICE—continued

*Marvin A. (Nigger) Brown*

The following information obtained from L. A. P. D. files under LA #22731:

6-21-25 Arrested 537 PC (Defrauding an inkkeeper) No. dispo.

12-16-25 Arr. Susp. Gambling. Fined \$5.00 or 5 das.

3-10-26 Arr. Susp. 211 P. C. (Robb.) Lowered to Vag Idle.

2-14-27 Arr. Susp. Gamb. Fined \$20, or 20 das.

8-11-27 Arr. Susp. 459 P. C. (Burg.) Released.

7-26-28 Arr. Susp. Gambling. No dispo.

3-11-29 Arr. Susp. W. A. P. No dispo.

5-21-42 Arr. Susp. Cons. to commit Gambling. No dispo.

9-22-42 Applicant for F. P.

12-7-42 Applicant for Dance Hall Permit.

9-21-43 Arrested Susp. 337a (Bookmaking). No dispo.

Marvin Brown is the brother of the applicant, Gilbert B. Brown. Marvin has admittedly been a gambler and bookmaker all of his life. He states that he has been acquainted with James J. Contratto for several years and that he first made the acquaintance of Homer West and Benjamin Gordon while in Honolulu 10 or 12 years ago. He stated that he has also known Joe Sica for about 15 years and knows James Utley, although he does not have anything to do with the latter. He told us that he introduced his brother to West, Gordon, and Contratto when he found out that Gilbert wanted to open a bridgo parlor and didn't have the necessary amount of money. He states he has no interest in this business.

NOTE.—Marvin Brown during July 1950 spent considerable time at the Centennial Park Race Track near Denver, Colo. During his time there he conversed



with members of the TRPB and told them that he owned 'bingo' places on the west coast and that he had lost considerable money in the investments in these establishments because the police cracked down and closed them all.

PLAZA BRIDGO, 11 VENICE PIER, VENICE—continued

*Benjamin H. Gordon, aka, Bennie Harris Gordon*

Under Los Angeles County number obtained the following criminal record:  
Desc.: 45/46, 5'10", 180, brown hair, blue eyes.

M 3 U 100 0 16  
F. P. C.: 14 S 1 U 010 0 21

Arrest Record under L. A. Co. #A92601:

- 1-22-27 Inv. Race Gambl. \$250 bail forfeit.
- 3-25-29 C. O. 2579-1 Gambling. \$25.00 bail forfeit.
- 7-8-29 C. O. 2578-1 Gambling. \$25.00 bail forfeit.
- 2-27-31 C. O. 2579-1 Gambling. \$50.00 bail forfeit.
- 5-16-31 C. O. 2579-1 Gambling. \$50.00 bail forfeit.
- 9-26-31 Arr. 337a (Bookie) \$50.00 bail forfeit.
- 12-19-31 Arr. 337a (Bookie) \$50.00 bail forfeit.
- 5-14-31 Arrested 337a (Bookie) \$50.00 bail forfeit.
- 9-20-32 Arrested 337a and C. O. 453-1 Gambling. \$50 bail forfeit.
- 1-10-33 Arrested Running Gambling Place, \$50.00 bail forfeit.
- 4-21-33 Arrested C. O. 453-3 Gambling. \$50 bail forfeit.
- 12-6-33 Arrested 337a (Bookmaking) \$50 bail forfeit.
- 7-9-34 Arrested 330a (Gambling), \$50 bail forfeit.
- 12-12-34 Arrested 337a (Bookmaking) \$50 bail forfeit.
- 3-23-35 Arrested C. O. 453-3 (Gambling), \$50 bail forfeit.
- 5-4-40 Arrested C. O. 3322 (Gambling and Bookmaking), \$250 bail forfeit.
- 7-17-46 Arrested 337a (Bookmaking), Released.

Mr. Gordon first met Gilbert Brown about 12 years ago through Marvin Brown, Gilbert's brother; that he first became acquainted with Marvin Brown in about 1936 through Homer West while they were vacationing in Honolulu. He stated that he loaned Gilbert Brown about \$7,500 to open the Plaza Bridgo Parlor about December 1948, and that this loan was to be paid back at 6 percent interest and that he was to receive 25 percent of the Plaza proceeds until the loan was paid. He stated that he did not know James Contratto, Jack Burke, James Utley, or the Glasser brothers.

PLAZA BRIDGO, 11 VENICE PIER, VENICE—CONTINUED

*Homer F. West*

Under Los Angeles County No. A7866 and Pasadena No. 14911 obtained the following record:

Desc.: WMA 38/46, 5'7", 145, brown hair, blue eyes.

L 1 U III O 14  
FPC: 18 S 1 R III O 19

- 7-26-35 Arr. C. O. 461 N. S. (Gamb.) Rel.
- 4-12-38 Arr. C. O. 439-1 (Leasing wire—Gambling) Rel. Bond.
- 5-21-42 Arr. 337a P. C. (Bookmaking) 30 das. Co. Jail.
- 9-23-42 Arr. 337a P. C. (Bookmaking) 30 das.
- 7-27-46 Arr. 337a P. C. Rel. on bail.
- 6-9-47 Arr. Susp. 459 P. C. (Burg.) No Disp.

Mr. West is a partner with Benjamin Gordon in the Flintridge Oil Co., 1320 Lake Avenue, Pasadena, and also some liquor stores in Pasadena.

Although the above business appears to be legitimate, both West and Ben Gordon have the reputation of being big-time gamblers and bookmakers in the northeast area of Los Angeles County.

On an interview of subject he told us that he did not know James Contratto, Jack Burke, James Utley, Lee Alper, or the Glasser brothers.

Mr. West stated that he has known both Marvin and Gilbert Brown for years and that he first met Marvin while vacationing with Gordon in Honolulu, that he had loaned Gilbert Brown about \$8,000 to open the Plaza Bridgo and that it was to be paid back from the proceeds of the business at 6 percent interest, and that Gilbert had given him a note for the money.



NOTE.—Although West denies knowing James Contratto, in an interview of Contratto, he states that he has known Gordon and West for several years.

H. West and Benjamin Gordon formerly owned a Bridgo Parlor at Westmoreland, Calif., reportedly with Al Green.

## IRVING G. GLASSER

Bail bondsman and a known associate of underworld characters and known to have interests in various gambling enterprises throughout Los Angeles County. It is believed that he has been a partner with James Utley and others in the organized Bridgo operations in Venice, and it has been reported that he and Utley attempted to buy Mr. Cradick's interest in the Normandie Club at Gardena.

Irving G. Glasser made application with the Los Angeles Police Commission on December 30, 1947, to operate a game of skill and science (bridgo) at 1501 Ocean Front, Venice—Fortune Bridgo. This permit was granted January 14, 1948.

On January 10, 1949, Glasser made an additional application for permit to operate a game of skill and science (bridgo) at 301-303 Ocean Front, Venice—Rose Bridgo. This permit was granted March 2, 1949.

Investigation into the ownership of the Rose Bridgo during 1950 disclosed that this business was sold to Benjamin Teitlebaum. However, the application dated July 25, 1950, for this business was made in the name of Carl Sklover. Mr. Sklover told investigating officers that he purchased this business from Teitlebaum for \$30,000 which was to be paid in monthly installments after the business opens.

NOTE.—When officers attempted to locate Sklover, a meeting was arranged through Ben Teitlebaum, to be held at his (Teitlebaum's) home, and when Sklover was questioned by officers, Teitlebaum gave most of the answers. However, the purchase arrangements and terms were verified by both parties.

See attached photostat copy of Sklover's application for bridgo at 301 Ocean Front, Venice.

See also the attached photostatic copy of application of Irving G. Glasser for the game of bridgo at 1501 Ocean Front, Venice, dated December 30, 1947, and granted January 14, 1948—Fortune Bridgo. Also attached is a photostatic copy of application for bridgo at 301-303 Ocean Front, Venice, Rose Bridgo, dated January 10, 1949, and granted March 2, 1949.

Although on applications Glasser admits an arrest in July 1929 for violation of liquor law and that he paid of fine of \$500, there is no criminal record shown in Los Angeles Police Department files or Los Angeles County.

## JAMES FRANCIS UTLEY

Desc: WMA 31/33 5'5½" 140 brn blue

	0	13	U	00	10
F. P. C.:	13	I	18	U	II II

Under L. A. P. D. No. 30542M7 the following obtained:

Arr. 2-25-28 Birmingham, Ala. Inv. 523C—Released.

Arr. 3-14-28 Little Rock, Ark. Inv.—No Dispo.

Arr. 2-1-33—L. A. Susp. Robb.—Rel.

Arr. 6-21-37—L. A. Pimping—Rel. on Bond.

Arr. 4-10-39—Long Beach—Kidnap & Ext.—Rel. to L. A. P. D.

Arr. 4-10-39—L. A. Extortion—Rel. to D. A. Office.

Arr. 4-12-39—L. A. S. N. A.—Bond

Arr. 6-9-39—L. A. Extortion & 652 FPC Rel. on Bond.

Arr. 8-2-39—L. A. Extortion—Rel. N. G.

Arr. 8-30-39—L. A. Harr. Narc. Act—Rel. on Bond

Arr. 8-30-39—L. A. (Fed. Narc.) Harr. Narc.—1 yr. 11 mos. 13 das. Fed. Pen.—5 years probation.

Arr. 10-20-39—L. A. Poss. & Sale Narc. Rel. appeal bond.

Arr. 1-20-41—L. A. Vio. Narc. Law—Rel. Cust. Fed. Pen.

Arr. 3-5-41—Fed. Corr. Inst.—Terminal Island—1 yr., 11 mos. 13 das.

Arr. 3-5-41—U. S. P.—Drug Act—In Trans. from F. C. I. Terminal Island, Conditional Release.

Arr. 5-15-41—L. A. Vio. Narc.—Rel. Cust. Terminal Island.

Arr. 12-24-42—L. A.—Perm. Ident. Card.

Arr. 8-12-43—San Pedro—Ident. Card

James Utley is a well-known gambler and known associate of hoodlums for the past several years. He is reported to be the head of bingo in California, although his name has never appeared as an owner of record of any of these establishments. In addition to his bridge operations at Venice in the city of Los Angeles, he associated with Bones Remmer, San Francisco, and others in the opening of a similar game in Bay Shore City, San Mateo County, in 1949. He also opened a game in Stockton, San Joaquin County, Calif., in 1948, again not appearing as an owner of record. Both games were closed by representative law-enforcement agencies after a short duration.

The principal business associates of Utley are Max Kleigre, Allan Handler, Phil Tapper, Irving (Izzy) Glasser, Martin Sirody, Paul Mandell, and Joe Shapiro, also Bernie Curtis.

Utley is reported to have an interest in the bingo games in San Bernardino County and is presently operating a bridge game with Joe Shapiro in either Imperial or El Centro, Imperial County, Calif. This establishment was opened about March 25, 1950. He formerly operated a similar establishment in Seal Beach, Orange County, Calif.

Several months ago this combine attempted to buy a 40 percent interest in the Normandie Club, a draw-poker establishment in Gardena, Los Angeles County, Calif., which interest was at that time reportedly owned by one Charles Cradick. This sale was not acceptable to other interested parties in Gardena and Utley and his group withdrew. Cradick's interest was later sold to Samuel Rummel, local attorney, deceased as of December 11, 1951, at which time he was slain by shotgun blast from ambush. It is interesting to note that Mr. Cradick has on several occasions denied any interest in poker establishments in Gardena and it is quite possible that his interest was held in another person's name.

#### PHILLIP S. TAPPER

The following information obtained from Los Angeles Police Department and Los Angeles County files:

Desc.: WMA 29/33 5'5½" 154

Bald brown hair, brown eyes.

L. A. P. D. No. 30788

F. P. C.:  $\frac{15}{28} \quad \frac{R}{-} \quad \frac{OM}{OI} \quad \frac{19}{19}$

Arrested:

10-4-30 PT Warrant—60 das. susp.

7-28-32 WAP \$50 or 25 das.

9-5-33 Susp. Robb. Rel. Under L. A. Co. No. 320934

7-1-40 Arr. Cont. Court Dept. 34 \$300 or 150 das.

He has been reported to be one of the biggest bookmakers in the Los Angeles area and has been associated with Mickey Cohen, Jack Dragna, and James Utley. At one time he was reported to be a partner with Utley, Glasser, and Teitlebaum in the Normandie Club in Gardena (not verified). He was also reported to be a partner in a bridge parlor in Seal Beach with Izzy Glasser, James Utley, Martin Sirody, and Max Kleiger (not verified). In addition to the above, subject has been associated with Joe Sica, Russell Brophy, and Al Green, all well-known bookmakers.

Subject has a sister-in-law who is in the employ of Glasser Bros., bail-bond company.

Tapper has been a friend of Harold W. Brown, former president of Hollywood State Bank for several years, and introduced Mickey Cohen to Brown. Tapper verbally guaranteed any loan that Brown would make to Mickey Cohen.

According to information obtained in a statement by Harold Brown on December 1, 1950, Tapper owned the Bridge Lodge from 1945 to 1948 with James Utley, although his name does not appear on the application.

Subject is presently reported to be in poor health, having suffered several heart attacks, but is still interested in bookmaking enterprises.

#### CHARLES W. CRADICK, ATTORNEY

No criminal record.

Mr. Cradick first came into prominence as the attorney for a pinball combine some 15 years ago. He was associated with Curly Robinson, who has been the western representative of this organization for a considerable number of years.

Although Cradick does not appear as an owner of record, we believe he was a principal partner or stockholder in the Fortune Bridge at Venice. In this

operation he was associated with Irving Glasser, Jimmy Utley, Bernie Curtis, et al. It was also reported that Cradick holds a 33½ percent interest in the Gardena Club, a legal draw-poker club in Gardena, Calif.; that he further holds a 40-percent interest in the Normandie Club, a similar institution in Gardena; and that during the year 1950 he attempted to sell his interest in the Normandie Club to Jimmy Utley, Irving Glasser, and others, but met with opposition from other owners in Gardena, and this sale was canceled and his interest sold to Samuel Rummel for about \$40,000. It has been reliably reported that Mr. Cradick derived an income of about \$8,000 per month from his stock in the Normandie Club. Thus the selling price of \$40,000 is only a fraction of the market value of such an investment.

#### HAROLD W. BROWN

Subject was the former president of Hollywood State Bank and a good friend of Phil Tapper, a known bookmaker and gambler; Manuel Fine, a known bookmaker and gambler; and Mickey Cohen.

From a statement dated December 1, 1950, and taken in the Los Angeles district attorney's office, he stated that on January 27, 1945, he, with a Phil Holdsborg and Roy Currier, purchased a 15-percent interest in Bridgo Lodge in Ocean Park from James Utley, who, he understood, controlled bridgo in that city, and that he believed Tapper to also be interested in the Bridgo Lodge.

Brown recently resigned his position at the Hollywood State Bank due to publicity arising out of his association with Mickey Cohen and his having loaned Cohen a large amount of money with no collateral or interest. He also admitted to loaning money to Manuel Fine with no interest.

Phil Tapper introduced Mickey Cohen to Brown and verbally guaranteed any loan which Brown might make to Cohen.

Apparently no criminal record on Harold W. Brown.

#### LODGE BRIDGO, 201 OCEAN FRONT, VENICE

*Edward Nathaniel Cohn:*

Dese.: MWA, 44/50, 5'7", 160, brown hair and brown eyes.

	L	1	U	5
F. P. C.:	27	L	1	Tt 8

Mr. Cohn made application with the Los Angeles Police Commission on March 17, 1948, for a permit to operate a game of skill and science at captioned address. No record in Los Angeles Police Department or Los Angeles County files.

Mr. Cohn states he was born June 7, 1906, in Los Angeles, Calif., and is married. His residence at time of application was 1166 South Menlo Avenue, Los Angeles, phone, FE. 6333; claims to be self-employed. Business phone, Santa Monica 6-9914.

Personal references: Max Feingold, C. C. Chapman Building, Eighth and Broadway, Los Angeles; Sam Moss, 714 South Hill Street, Los Angeles; and George Zalkind, 516 South New Hampshire, Los Angeles.

Permit was granted March 31, 1948, renewed January 26, 1949, and canceled November 16, 1949.

#### CROWN BRIDGO, 21 OCEAN FRONT, VENICE

*Max Kleiger:*

Under L. A. #1713 D 58 obtained the following:

Dese.: WMA, 45/50, 5'9", 140, brown hair and hazel eyes.

	0	31-110	16
F. P. C.:	23	I	32-III 19

Arr. 3-10-39—Beverly Hills, 337a (Bkmkg), no disposition.

2-14-41—Appl. Alcoholic Beverage License.

Arr. 1-442—L. A. County, Gambling, Released.

Mr. Kleiger made application with the Los Angeles Police Commission on August 4, 1949, for a permit to operate a game of skill and science (bridgo) at the captioned address. Application denied on September 29, 1949.

On this application, Mr. Kleiger states he was born in New York City on November 17, 1905. He presently owns and operates (1951) the Club Monaco, 3010 Ocean Front, Ocean Park.

Personal references: Roy Troger, care of Ocean Park Amusement Corp.; Harry Arnoff, same address; and A. L. Gore, same address.



It has been reported but not verified that a partnership of I. Glasser, James Utley, Max Kleiger, and Phil Tapper was formed in 1949 to operate a bingo game in Seal Beach.

On May 17, 1950, Kleiger and James Utley were observed together at the Hollywood-Roosevelt Hotel.

On March 22, 1949, Irving Glasser, Phil Tapper, Max Kleiger, and Mary Louise Powell made application with the California Division of Corporations to start a business known as Flowers Inn, Inc.

Mr. Kleiger is a known associate of gamblers and bookmakers and has been reported to have acted as representative for the Glasser Bros. and James Utley in an attempt to open bridge in Santa Monica, after they were closed in Venice.

The partnership of Kleiger, Utley, Tapper, and Glasser was also reported to have had an interest in the Normandie Club in Gardena.

BRIDGO PARLOR, 1401 OCEAN FRONT, VENICE

*Bernard Edwin Curtis.*

Under L. A. #84892 and L. A. County #A45434 obtained the following:  
Desc.: WMA, 45/50, 5'5", 150#, Grey hair, brown eyes.

F. P. C.: 

O	15	R	OIO	20	
22	M	26	R	OII	20

FBI #4604484.

Arr. 11-13-45-337a (Bkmkg) Released.

Arr. 4-26-46-337a (Bkmkg), Dismissed.

Arr. 7-21-50-337a (Bookmaking), no disposition.

Arr. 8-1-50-337a (Bookmaking), no disposition.

Arr. 12-20-50-4127a LAMC (Drunk), no disposition.

Mr. Curtis made application with the Los Angeles police commission on August 31, 1945, for a permit to operate a game of skill and science at captioned address (6-hit bridge).

Mr. Curtis states he was born July 31, 1904, at New London, Conn., and is married. His present address is 7005 Hollywood Boulevard, Hollywood, phone, HO 2442; claims to have formerly been an attorney in Dallas, Tex.; claims to be employed (1945) in buying and selling of used cars.

Personal references: Jerry Schlager, 850 South Broadway, Los Angeles, and Mr. A. Lentz, 4409 Central Avenue, Los Angeles. Permit was granted on September 18, 1945.

Subject is a known bookmaker and associate of racketeers and gamblers. He resides in room 618-19 of the Hollywood-Roosevelt Hotel in Hollywood and uses his rooms for a meeting place for these underworld characters.

He is very friendly with James Utley, and on January 28, 1950, they were observed having dinner at Lucey's Restaurant in Hollywood.

Mr. Curtis, in 1944, was a principal with Mrs. Ida Schwartz and Morris M. Wein in the El Mirador Holding Corp. Wein is the brother of Julius Wein, a bridge applicant.

EMBASSY BRIDGO, 1 LICK PIER, VENICE

*Sol Biderman*

Desc.: WMA, 49/50, 5'10", 155, grey hair, brown eyes.

F. P. C.: 

M	1	R	0000	15	
13	S	1	U	0100	15

No criminal record.

On July 25, 1950, subject made application for a game of skill and science (defiance) at No. 1 Lick Pier, Venice (Embassy Bridge).

Mr. Biderman stated to officers, when interviewed, that he came to California about 1946 from Miami, Fla., where he operated the Skipper Bar; that he sold that bar and became a partner in the Franconia Hotel in North Woodstock, N. H.

He worked for Nate Franklin for 3 years as manager of the Embassy on a salary and percentage basis.

When Mr. Franklin's lease expired in November 1949, he, Biderman, made arrangements to take over the business, which he did on April 1, 1950. He claims to be the sole owner of this business.

Prior to his working for Mr. Franklin, he was employed for the Fascination Game at 3004 Ocean Avenue, Ocean Park, which was owned by William O'Brien, Abe Baker, and Timothy O'Connell, who operate the Sensation Amusement Co. O'Brien comes from Swampscott, Mass.; Abe Baker from Atlantic City; and Timothy O'Connell from Framingham, Mass.

The partners have had businesses in Palisades Park, N. J., and Revere Park, Revere, Mass.



SURF BRIDGO, 1401-03 OCEAN FRONT, VENICE

*Norman R. Gartman:*

Desc. WMA, 43/50, 5'3", 110#, brown hair, blue eyes.

	M	29	—	IOM	15
F. P. C.:	13	1	24	—	MOI 11

No criminal record, Los Angeles Police Department or Los Angeles County Records.

Mr. Gartman made application with the Los Angeles Police Commission on March 23, 1948, for a permit to operate a game of skill and science at captioned address.

Mr. Gartman states he was born November 9, 1907, in Philadelphia, Pa., and is married. His residence address at time of application was 923 Twenty-second Street, Santa Monica, Calif., phone, Santa Monica 5-0898. Claims to own a woman's shoe business at 1456 Fourth Street, Santa Monica, phone, Santa Monica 4-5588.

Personal references: Harry Beck, 2215 Ocean Avenue, Santa Monica, and Chick Americus, 119 Gale Avenue, Beverly Hills, and Mr. Phelps, 1454 Fourth Street, Santa Monica.

Permit was granted on April 14, 1948, and canceled on November 16, 1949.

The CHAIRMAN. The next witness will be Mrs. Lucille W. Randolph.

Mrs. Randolph, do you solemnly swear that the testimony you will give this committee, will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. RANDOLPH. I do.

### TESTIMONY OF MRS. LUCILLE W. RANDOLPH, CITY CLERK, GARDENA, CALIF.

The CHAIRMAN. What is your name?

Mrs. RANDOLPH. Lucille W. Randolph.

The CHAIRMAN. Are you the town clerk of Gardena?

Mrs. RANDOLPH. I am the city clerk; Gardena is a municipal corporation of the sixth class. The city clerk is one of the seven elective officials.

The CHAIRMAN. How long have you been the city clerk?

Mrs. RANDOLPH. By appointment since 1942, August 1; the former city clerk resigned in the middle of a term. Since that time I was reelected twice without opposition.

The CHAIRMAN. Twice without opposition?

Mrs. RANDOLPH. Yes.

The CHAIRMAN. And how long is the term of city clerk?

Mrs. RANDOLPH. Four years; the next term expires in April 1952.

The CHAIRMAN. I think Mr. Van Brunt had a couple of questions he wanted to ask you.

Mr. VAN BRUNT. Did you bring the records that were called for in the subpoena?

Mrs. RANDOLPH. I have a great many records. I have here a list of them and I am prepared, if you require them, to leave them here.

Mr. VAN BRUNT. Senator, perhaps rather than take up a lot of the committee's time, I could get together with Mrs. Randolph and go over the records.

Mrs. RANDOLPH. I will be very happy to do that.

The CHAIRMAN. Just tell us what you have in these records that you have brought.

Mrs. RANDOLPH. I have the certified copies of all ordinances and resolutions, both minute resolutions and numbered resolutions that have anything to do with this subject.

The CHAIRMAN. You are referring to draw poker and bingo games?

Mrs. RANDOLPH. We do not have any bingo. I have traced this from 1935, that was the beginning of any game interests in Gardena. There was a game at that time, I understand, and it was something like bingo, but I was not in public life at that time and I am not familiar with it. I find it in the records. They were licensed for approximately a year. Now, I have carried my records back, the minutes and everything, past that time, knowing you would be interested in the entire history of the situation.

The CHAIRMAN. We have had some testimony about the Horseshoe Club. Do you have the official records of who the stockholders or who the officers of the Horseshoe Club are and of other clubs?

Mrs. RANDOLPH. I do not have the corporation records. I have some confidential statements here in a sealed envelope that are kept under our ordinance No. 241, and upon your direction we can open them and inspect them.

The ordinance requires that they be kept confidential; that they are confidential records. However, I have checked with our city attorney and he has ruled that your committee is a court of competent jurisdiction to view them.

I have with me the accumulated files on all of the clubs that have accumulated, the records that have accumulated over the years.

I also have here some penciled notations and other information. I have attempted to bring everything that has even remotely any connection with this. I have the business-license registers; I have three volumes of those with me showing every entry. Those are the original entries from the licenses.

I have the minute books with me.

The CHAIRMAN. Have you the Horseshoe Club records here?

Mrs. RANDOLPH. I have, yes, with the entire group. They are not filed separately.

The CHAIRMAN. We will have a recess and Mr. Van Brunt will go over these matters with you, Mrs. Randolph, and see just what you have and what we want to put into the record for this hearing.

We will have a 15-minute recess at this time. Mr. Van Brunt and Mrs. Randolph will go over the pertinent records.

(A short recess was taken.)

The CHAIRMAN. The committee will come to order. It is my understanding that Mr. Van Brunt and Mrs. Randolph have not fully completed their investigation of the records.

Our next witness will be Mr. Philbrick.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PHILBRICK. I do.

#### TESTIMONY OF HOWARD R. PHILBRICK, CENTRAL CASTING CORP., LOS ANGELES, CALIF.

The CHAIRMAN. Mr. Philbrick, Mr. Robinson will ask you some questions.

Mr. ROBINSON. Will you state your occupation and address, Mr. Philbrick?

Mr. PHILBRICK. I am the vice president and general manager of the Central Casting Corp.

Mr. ROBINSON. That is located here in Los Angeles, is it?

Mr. PHILBRICK. 5504 Hollywood Boulevard.

Mr. ROBINSON. At one time were you employed as an investigator for the legislative committee investigating legislative practices?

Mr. PHILBRICK. I was; yes.

Mr. ROBINSON. Was that an investigation conducted by the Edwin N. Atherton and Associates?

Mr. PHILBRICK. It was; yes.

Mr. ROBINSON. Was there a report submitted as a result of that investigation on September 28, 1938?

Mr. PHILBRICK. There was; yes.

Mr. ROBINSON. And that was submitted over your signature, was it?

Mr. PHILBRICK. It was; yes.

Mr. ROBINSON. I will hand you a copy of that report and ask you if you recognize it as the report in question.

Mr. PHILBRICK. Yes; this appears to be a photostatic copy of that report.

Mr. ROBINSON. Is that report generally available to the public; is it available publicly at the present time?

Mr. PHILBRICK. It was printed by the State printer, Mr. Robinson.

Mr. ROBINSON. How many copies of it were printed?

Mr. PHILBRICK. In the thousands.

Mr. ROBINSON. Have you seen copies of it in past years to any degree?

Mr. PHILBRICK. No; I have had no occasion to inquire or make any inquiry as to whether it is presently available or not.

Mr. ROBINSON. I would like to read into the record, Mr. Philbrick, if I could, certain pertinent portions of the report. If I call out the page numbers to you, you can spot the particular excerpts that I will read from here.

Mr. PHILBRICK. All right.

Mr. ROBINSON. First I will read from section I, page 3:

In the summary findings it was stated "corruption is not necessarily bribery. The term is a general one suggesting loss of integrity—a taint. \* \* \* The principal source of corruption has been money pressure. \* \* \* The principal offender among lobbyists has been Arthur H. Samish of San Francisco, through whose accounts has been traced a total of \$496,138.62 during the years 1935 to 1938. \* \* \* Lobbying, of the type represented by Mr. Samish, as distinguished from open legislative representation, has been a major corrupting influence. \* \* \* Mr. Samish, from one client-industry, obtained a political fund in excess of \$97,000 between 1935 and 1938—quite distinct from Mr. Samish's own compensation fund from the client. He could spend the political fund without accounting, and, in fact, kept no disbursement records."

Is that the phraseology used in the report?

Mr. PHILBRICK. Yes; that is it, word for word.

Mr. ROBINSON. Now, reading from section I, page 8:

Among other recommendations made by the investigation is the following: Statutory requirement that a public record be maintained of all money expended by individuals or corporations for educational campaigns, where the motive is to accomplish a legislative program.

Now, reading from section II, page 18:

The financial record of Assemblyman William Hornblower (attorney for Bay Meadows Race Track) shows—



Mr. RICE. Do you have an extra copy of this report, Mr. Philbrick?

Mr. PHILBRICK. I have one that is quite marked up.

The CHAIRMAN. Well, this is a photostat of it.

Mr. ROBINSON. I have to return this copy. These are very rare now. In view of the scarcity of them, if Mr. Philbrick has a copy that could be made available to the committee it would be appreciated.

Mr. PHILBRICK. The copy that I have just handed you, this report appeared in the Senate Daily Journal of the date it bears and it has been compared many times with the original report. That is a copy of it.

The CHAIRMAN. We will let this be made exhibit No. 37 to your testimony and then it will be returned to you.

Mr. PHILBRICK. You may have it.

Mr. ROBINSON. Let me begin again:

The financial record of Assemblyman William Hornblower (attorney for Bay Meadows Race Track) shows he received \$3,900 from Arthur H. Samish \* \* \*, paid at the rate of \$100 a month from October '35 to December '38 and were independent of campaign contributions made by Mr. Samish to Assemblyman Hornblower. Mr. Samish's employment of Assemblyman Hornblower began the same month that Mr. Samish became legislative representative of the brewing industry. Both Hornblower and Samish testified that the payments were for legal services rendered to the Motor Carriers Association, headed by Mr. Samish.

Now, still reading from section II, page 51:

The 1933 Horse Racing Act sets aside 4 percent of all parimutuel receipts which is paid to the State. After making separate fixed expenditures, 5 percent of the balance is given to certain citrus fruit fairs and 40 percent goes to fostering county agricultural fairs. During the year 1937 the San Bernardino Orange Show received from the State \$82,000 and from all other sources \$67,000. By State law the agricultural fairs are restricted with respect to the use of the money in that it may be only used for premiums and for agricultural and livestock exhibits.

On October 5, 1936, the directors of the National Orange Show appropriated \$5,000 for a promotional fund. By coincidence this exact amount was paid on January 12, 1937, to Arthur Samish. A contribution of \$1,000 was also made to the political campaign committee of Senator Ralph Swing. The report states as follows: "This was an obvious violation of the restrictions on the use of State money. It was the case of State money being paid to a lobbyist to get more State money for the National Orange Show.

That was on page 54 of section II.

The CHAIRMAN. Now, Mr. Philbrick, if any of those statements being read are not correct, you say so.

Mr. PHILBRICK. Yes.

Mr. ROBINSON. On page 55 of section II it reads as follows:

The financial records of Assemblyman Charles W. Lyon reveal that he received the sum of \$6,250 from 1935 through 1937 from Mr. Samish. The schedule of Assemblyman Lyon's income reveals that during the period 1935 through 1937 he received the sum of \$2,272.50 from various brewing and liquor organizations. Mr. Samish, who paid the assemblyman \$9,250 during the same period represents both the brewing and hard liquor interests in the State of California.

Now, reading from section II at page 58:

From the income return of Assemblyman Lyon, it appears that he received the sum of \$8,875 from Gans & Co., Sol Zemansky, and Automatic Vendors. All of these organizations are interested in any legislation affecting gambling and particularly interested in slot machines, pin-ball games, etc.

On page 66, section II:

The report states for the most part the lawyer-legislators investigated could make no showing of legal services performed for the clients, apart from the



legislature, commensurate with the size of the fees. \* \* \* The legislative business of some lawyer-legislators has become interrelated with their frequently lucrative practice before State boards and commissions. The liquor interests which retain Assemblyman Lyon constantly require his presence before the board of equalization, the liquor regulating and taxing agency of the State.

Now, reading from section IV at page 1:

The report continues and most of the lines of inquiry at one time or other led to Arthur H. Samish. The end result of Mr. Samish's operation has been best phrased by Mr. Samish himself in one of his infrequent candid comments, "I'm the governor of the legislature. To hell with the Governor of the State."

That is set out in quotes at that point of the report, is it not?

Mr. PHILBRICK. Yes, it is.

Mr. ROBINSON. On page 5, in section IV, it goes on as follows:

Mr. Samish represented all of the methods used in part or in full by members of his trade-campaign contributions to lawmakers with a lavish hand, fees to lawyer-legislators; cultivation of State departmental and legislative personnel with money or favors; knowledge of the mechanics of legislation and of the human frailties along the path. \* \* \* investigators never presumed to believe that they had established a record of all Mr. Samish's income from bank records, from testimony dragged from his evasive lips, from income tax reports he produced after fighting through the State supreme court and from corollary investigation. In 1937, the last legislative year, Mr. Samish received \$174,144.47, as shown in the probably incomplete record established by the inquiry. \* \* \*

Mr. Samish was in Sacramento on the morning of June 16, 1938, the date of his scheduled appearance before the grand jury. He left his hotel profanely expressing his opinion of the grand jury \* \* \* Mr. Samish was charged and convicted of contempt of court and sentenced to pay a fine of \$200 \* \* \* Mr. Samish thereafter produced, in several appearances before the grand jury, what he said were his records \* \* \*

Mr. Samish's records were not records, as a bookkeeper would understand the term. They were notations of income items and check stub records of bank account withdrawals.

The total fees received by Samish from the period 1935 to 1938 were \$259,999.97 made up as follows:

American Potash & Chemical Corp.....	\$32,500.00
California State Brewers Institute.....	100,000.00
M. J. Donnelly.....	5,000.00
M. C. Levee.....	15,000.00
Los Angeles Turf Club.....	54,997.97
Fabst Brewing Co.....	5,000.00
San Francisco Bank.....	22,500.00
National Orange Show.....	5,000.00
Major steam railroads.....	20,000.00

During the same period of time the money paid to other individuals, the disbursement of which was controlled by Arthur Samish, were paid as follows:

California State Brewers Institute.....	\$97,619.47
Motor Carriers Association.....	61,237.00
United California Industries.....	18,779.71
C. A. S. B. Fund.....	9,504.01

During the same period of time payments to Frank X. Flynn for work performed by Arthur Samish were as follows:

California Liquor Industries Association.....	\$12,500
Wholesale Liquor Dealers Association of Northern California.....	12,000
Wholesale Liquor Dealers Association of Southern California.....	24,500

When, after his unsuccessful fight in the courts, Mr. Samish appeared with copies of his income-tax records, he produced before the grand jury a Federal tax return for the year 1937 \* \* \* showing a net income of \$81,420.50 after deductions of \$20,000 for expenses.

Now, I just want to make sure that this next part I have in the exact quotes. Reading from page 9 of section IV:

This return took absolutely no cognizance of the cash flowing into the hands of Mr. Samish as shown in the investigation analysis of his income and allegedly disbursed by him for political purposes. Also, there is no itemization of Mr. Samish's expense deductions. Prosecutors of this case believe that Mr. Samish's return to the Federal Government in 1937 is not in compliance with rules and regulations of the United States Treasury Department, and does not attempt to set up figures which actually reveal Mr. Samish's true income.

Now, have I quoted that correctly?

Mr. PHILBRICK. Yes, that is what I said.

Mr. ROBINSON. On page 10 of section IV:

Mr. Samish testified before the grand jury "There is no difference between Arthur Samish and Motor Carriers Association. I am the Motor Carriers Association."

Now, reading from section IV at page 13:

With one or two major exceptions, all of the California brewers are party to a contract under which the California State Brewers Institute acts as trustee in collecting funds which are turned over to Arthur H. Samish. These funds are collected on the basis of 5 cents a barrel of beer produced. Mr. Samish's salary of \$30,000 a year takes approximately one-half the fund. The balance is the public relations fund referred to from which Mr. Samish drew \$97,619.47 during the years 1935-1938. \* \* \* During the investigation the bank account of the Brewers Institute was analyzed and the report states: "The investigators have reason to believe that all of the money contributed by the brewing industry for political purposes has not been accounted for in this special account. Since the general election, Mr. Samish has made efforts to collect special assessments from the brewers, apparently to cover extraordinary expenses during the 1938 campaign. The abstract of the account does not reveal the deposit of any extra assessments."

With respect to a fee obtained from M. J. Donnelly and Pabst Brewing Co., it was disclosed that Mr. Samish was actually representing for hire both sides of a conflict within the liquor industry.

Now we will skip along to page 33 of section IV:

In addition to campaign contributions, Mr. Samish had the facilities of the organizations he represented to throw in support of or against a given candidate for the legislature. Mr. Samish testified that the alcohol beverage industry which he represented had approximately 50,000 outlets in the State of California. Prior to any election, the list of candidates was studied carefully by Mr. Samish to determine whether he considered the candidate to be favorable to this industry. Then each of the 50,000 outlets were circularized and instructed to support the candidate upon whom Mr. Samish had placed his blessing.

Mr. Samish was able to perpetuate a circle of tremendously profitable power for himself. It was he who threw support and money behind his chosen candidates for the legislature and it was he whom businesses and individuals had to employ to establish a favorable contact with the legislature. In other words, Mr. Samish was the middleman between the business interest, which had a proper right to a direct hearing of its case by members of the legislature, and those members of the legislature. Whatever the members of the legislature knew of the business interests came from Mr. Samish. Whatever the business interests knew of the members of the legislature came from Mr. Samish."

Now, reading from page 44, there are three paragraphs that I believe that summarize the entire picture.

Mr. RICE. Those were the findings of the report; is that right?

Mr. ROBINSON. Yes. [Reading:]

Lobbying, as represented by the activities of Mr. Samish, has become a powerful—if secretive and unofficial—"fourth branch" of State government. Mr. Samish, one of 286 lobbyists registered at the last session of the legislature,

either received or controlled in the years 1935-38 a total of \$496,138.62 originating with sources interested in legislation.

Some of his clients undoubtedly paid more in fees to Mr. Samish than they paid in State taxes for the support of all legitimate functions of State government. Since business incorporates its expenses into the prices paid by the consuming public, the vast sums going into the hands of Mr. Samish constituted a heavy unseen tax on the public of California.

This "fourth branch" of government represented by the Samish type of lobbying is responsible not to the public but only to individuals or interests able to pay high fees. It operates in great secrecy—secrecy so great that neither the public, nor the regularly constituted agencies of government, nor, on occasion, the fee-paying clients know what the lobbyist is doing.

Does that, in the main, summarize the report submitted by you with respect to Mr. Arthur H. Samish?

Mr. PHILBRICK. It does; yes.

Mr. ROBINSON. Has there been anything come to your attention subsequent to the submission of that report?

Mr. PHILBRICK. No.

Mr. ROBINSON. That would prompt you to modify it in any respect, the comments that you made in your last report?

Mr. PHILBRICK. No, sir.

Mr. ROBINSON. I have no further questions.

Mr. RICE. That Edwin N. Atherton and associates, was that a group of former FBI agents?

Mr. PHILBRICK. There were three of us that were partners.

Mr. RICE. You are a former FBI agent yourself?

Mr. PHILBRICK. Yes; I am.

The CHAIRMAN. How long were you in the investigative business, Mr. Philbrick?

Mr. PHILBRICK. Excluding my Government service, as a private organization, you mean?

The CHAIRMAN. In the FBI and then with your private organization.

Mr. PHILBRICK. I started in the investigative business in 1931 and continued on until 1939.

The CHAIRMAN. You were employed as a result of a resolution of the legislature of the State to make this investigation; is that correct?

Mr. PHILBRICK. That is correct, Senator.

The CHAIRMAN. Your report is a public document or is supposed to be public; is that correct?

Mr. PHILBRICK. It is; yes.

The CHAIRMAN. And it is filed in the archives of the State legislature?

Mr. PHILBRICK. Yes.

The CHAIRMAN. Did these reports become scarce after you made them?

Mr. PHILBRICK. That is my understanding, sir.

The CHAIRMAN. And they are very hard to find at the present time?

Mr. PHILBRICK. Yes.

The CHAIRMAN. You have been living in California since the time you made this report; have you not?

Mr. PHILBRICK. That is correct.

The CHAIRMAN. I know that you would not know the details, but the general pattern that is set out in this report, which has been made exhibit No. 37 to your testimony, has that pattern remained, according to your information, about the same?



Mr. PHILBRICK. Yes.

The CHAIRMAN. The same practices you found back then have been continuing on up to the present time; is that right?

Mr. PHILBRICK. Yes. Well, I have no way to check it since then.

The CHAIRMAN. But you do have general information on the subject?

Mr. PHILBRICK. Yes.

The CHAIRMAN. I might state that it must be obvious why the committee is interested in this report and in what is taking place or allegedly is taking place in connection with Mr. Samish and his activities with the Legislature of the State of California. Our committee has jurisdiction and is charged with the responsibility as to the pattern of violations of the Federal laws, of the laws of the United States.

It is part of our investigation, and we have in other places looked into the violations of the Internal Revenue Code by certain companies and certain people—lawyers—that companies pay fees, exorbitant fees for legal services rendered and then the fees are used by the lawyers, to whom they are paid, for other purposes, which cannot be charged off as a legitimate deduction on an income-tax return.

In other words, if I were a lawyer and a client paid me a \$20,000 fee and I do \$1,000 worth of legal work, and use \$19,000 for purposes of lobbying with the legislature, that \$19,000 cannot be charged off as an operating expense or as a legitimate expense by the company that pays me. That is one angle that we have gone into in other places and which we will go into in the State of California.

That is taking money away from the United States Government for an illegal purpose and is a practice that is in violation of the Internal Revenue Code.

Another pattern that we have run into in many parts of the United States is this: that where a corporation or company cannot contribute directly to a campaign, and if it did it would be violating the Corrupt Practices Act, the corporation cannot make a contribution to a campaign, but the practice has grown up and it is violation of the laws of the United States and is a very nefarious practice of simply paying money into some association that is supposed to be interested in vitamins or some such thing and then that outfit, under the direction of some master mind who decides political things, pays out—I mean the association in turn pays out its money for political purposes. So that you have there, first, a charging off by not paying an income tax on something they should pay an income tax on, and you have, secondly, a violation of the Corrupt Practices Act.

We ran into that in New Orleans in the pinball industry, the one-ball industry, as it is termed there. So that is the background and that is the reason why we are interested in this.

In my opinion, this sort of practice is costing the hard-working and the honest taxpayers of the United States Government hundreds of millions and, perhaps, it may even get up to the billions of dollars a year.

Also, as we know, it is completely thwarting the purposes of the Corrupt Practices Act. There cannot be any real difference in the moral purpose of paying money out of corporation funds to a candidate and then paying it off to an association that is a quasi-association



for political and maybe trade-practice purposes, and then that association gets together all of the other people in that industry and decide on a candidate and then pay campaign expenses out that fund. The fact is it is more sinister and worse than if the corporation did it itself, because in that way you have a collective purchasing of political influence rather each individual fellow doing it on his own.

Are there any other questions of Mr. Philbrick?

Mr. ROBINSON. After your investigation started, would it appear that Mr. Samish already had filed his income tax for March of 1938?

Mr. PHILBRICK. Yes.

Mr. ROBINSON. Did he thereafter file an amended return?

Mr. PHILBRICK. Yes, he did.

Mr. ROBINSON. Did he pick up the \$5,000 from the national orange show that you commented on in this report?

Mr. PHILBRICK. Yes.

Mr. ROBINSON. And the \$10,000 picked up from M. C. Levee?

Mr. PHILBRICK. Yes.

Mr. ROBINSON. Now, in view of your very definite recommendation made with respect to Mr. Samish's 1937 tax return, has it ever come to your attention that he was prosecuted in any way for income taxes?

Mr. PHILBRICK. I have never heard of it, and I don't think the Government would have told me if they made a settlement.

The CHAIRMAN. I suppose you were not very popular in certain quarters after you made this report?

Mr. PHILBRICK. I don't think so.

The CHAIRMAN. I think it is a great report. I think it deserves the commendation of the legislature and the good citizens who were involved. By the way, what was the reaction to your report? What happened to you?

Mr. PHILBRICK. I went about my business. I, thereafter for a short period of time was director of the motor vehicles of California, and I decided I couldn't starve any longer and I went out to make a living for myself in another field. I was a pretty unpopular guy.

The CHAIRMAN. Have you regained some of your popularity since that time?

Mr. PHILBRICK. I don't know. I haven't conducted a popularity contest.

The CHAIRMAN. Are there any other questions?

Mr. RICE. No.

Mr. VAN BRUNT. No.

Mr. ROBINSON. Nothing further.

The CHAIRMAN. Has this report been suppressed? Can you get copies now if you would write to the legislature?

Mr. PHILBRICK. I am told not. Many libraries have written and asked for it.

The CHAIRMAN. Do you know why it is that you cannot get copies when you write to the legislature? It seems to me that it is a very revealing report.

Mr. PHILBRICK. There were several thousand copies printed in manuscript form, the same as I hold in my hand. That is the only copy I have left. Those copies were, I am told, sold by the State printer. Then suddenly, and rather mysteriously, the printings disappeared. It reposed in the Governor's office, I believe, at that time. Then it was thereafter printed in the senate daily journal, a copy of

which you have before you, but then that was immediately picked up on a proper motion made in the senate and the Governor's message was reprinted, expunging the report from the senate daily journal itself, so the official journal for that day does not carry the report. It just happened that I was there and needed a copy so I grabbed onto a couple.

The CHAIRMAN. I am not sure that I follow you on that.

Mr. PHILBRICK. The senate daily journal was printed with the report.

The CHAIRMAN. Here is the senate daily journal for April 4, 1939, and it has the report in it.

Mr. PHILBRICK. Yes; but on motion made, the journal was ordered reprinted with just the notice of transmittal from the Governor to the senate and assembly, but the report itself was not contained therein or, more appropriately, you might say it was expunged from the journal.

The CHAIRMAN. Who expunged it?

Mr. PHILBRICK. The State printer simply, upon motion of the senate, and passed and so forth, reprinted the journal for that day and just noted the Governor's letter of transmittal; that was all there was to it.

The CHAIRMAN. You mean that the Governor of the State sent a letter of transmittal to leave out the Samish report?

Mr. PHILBRICK. If you will turn to the place, where the first slip of paper is, you will notice that it came to the senate by transmittal from the Governor's office. Now, that journal was distributed and then on motion made in the senate, the journal was reprinted with just the notice of transmittal from the Governor.

Mr. RICE. Deleting the attached report, you mean?

Mr. PHILBRICK. Yes, and all the pages and so forth. They picked up the first edition that carried it.

The CHAIRMAN. Let me read that into the record. [Reading:]

*To the Honorable Members of the Senate and the Assembly, Sacramento, Calif.:*

I am herewith transmitting to you a report made to my predecessor on December 28, 1938, by H. R. Philbrick and associates of their secret service investigation of corrupt practices in connection with the work of the legislature during past years. The district attorney and grand jury of Sacramento County, pursuant to a joint resolution adopted in the 1937 session of the legislature, conducted investigations of charges made during that session that corrupt practices were influencing legislation and it was in connection with that grand jury's work that this Philbrick investigation and report were made.

You will note that this report concludes with certain recommendations for legislative action by way of amendments to our primary and general election laws, and the qualifications of candidates for service in the legislature.

I believe this report and its recommendations merit your serious attention in considering needed amendments to our primary and general election laws, to prevent corrupt or improper practices which undermine and defeat truly representative government.

I shall later recommend specific amendments for that purpose.

Yours sincerely,

CULBERT L. OLSON,  
Governor of California.

Then, Mr. Philbrick, upon motion made in the legislature, the journal was printed but then the report was left out?

Mr. PHILBRICK. It was reprinted; yes.

The CHAIRMAN. And the report was left out?

Mr. PHILBRICK. Yes.

The CHAIRMAN. Why do you think that was left out? How was it left out?

Mr. PHILBRICK. A senator made a motion that carried, that it be expunged.

The CHAIRMAN. Is that done by unanimous consent?

Mr. PHILBRICK. I do not know what the rules are but I believe it only took a majority for that type of a motion.

The CHAIRMAN. In other words, Mr. Samish's influence was able to get the report expunged from the record, from the senate daily journal?

Mr. PHILBRICK. Well, I don't know about that.

The CHAIRMAN. Or someone else's influence?

Mr. PHILBRICK. Yes. We mentioned quite a few people in there that probably didn't like it.

The CHAIRMAN. And you say that these reports are hard to get now?

Mr. PHILBRICK. That is correct.

The CHAIRMAN. It is a public document and it will be printed as a part of our report, so it will be available.

Thank you, Mr. Philbrick, for coming in.

We will call Mrs. Randolph back to the stand.

I might announce that we are going to carry on here until about 5:30 this evening and then come back at about 7:30 or 8 o'clock. We will have a night session tonight until about 9:30 or 10 o'clock.

#### **FURTHER TESTIMONY OF LUCILLE W. RANDOLPH, CITY CLERK, GARDENA, CALIF.**

Mr. VAN BRUNT. You have given me a list here of various documents that you brought with you and I notice first on the list there are certified copies of ordinances which you would like to make available to the committee?

Mrs. RANDOLPH. I do have the ordinances; yes.

The CHAIRMAN. Let the ordinances be filed as exhibit No. 38.

(Exhibit No. 38 is on file with the committee.)

Mr. VAN BRUNT. Likewise, you have brought along certified copies of resolutions?

Mrs. RANDOLPH. The resolutions contain both minute resolutions and numbered resolutions pertinent to this matter; yes.

The CHAIRMAN. You have them in very nice shape.

Mr. VAN BRUNT. As you instructed us, Senator, we have looked over the so-called confidential file and I think it would be of interest to have Mrs. Randolph relate to the committee why there is such a confidential file.

The CHAIRMAN. Tell us about that.

Mrs. RANDOLPH. We had two particular clubs in Gardena who are the permittees and the licensees are veterans' organizations. At a time in 1944, when it was decided to extend the permits from four in number to six, the permits were granted to the veterans' organizations, knowing full well that they would have operating agreements to carry them on; that they would not be able to operate such clubs



themselves but the revenue comes to them from their operating agreements.

The ownerships we realized or it was realized that there might be persons who had interests in the clubs, who the council would want to know had interests in them, but they might not care—like silent partners being in the clubs—they wouldn't care to have it publicized. Therefore, in the council's continuing efforts to properly control the situation, their latest ordinance provides very clearly for the filing of statements of ownership or rather statements of operating agreements and the parties with whom they have them.

Mr. VAN BRUNT. It is to keep the identity of the actual parties in interest known from the general public; is that what you mean?

Mrs. RANDOLPH. That is right, but the council at all times have their finger on them. Those records are filed on a form that was prepared by our city attorney, closely following the wording of the ordinance.

Then the reports are filed with me. They go into an envelope in my file, in the safe rather, and they are opened according to the ordinance only to the police chief, the city council, the city attorney, myself, and a court of competent jurisdiction. As I told you I checked with our city attorney and he so designated your body.

The CHAIRMAN. You have authority to tell us who the owners and operators are of some of these places?

Mrs. RANDOLPH. Upon your directions; yes.

The CHAIRMAN. Well, I will ask you to tell us the ones that we are particularly interested in; I would like to have you tell us about those.

Mr. VAN BRUNT. Can you tell me in which club Mr. Cradick has an interest, if any?

Mrs. RANDOLPH. The Gardena Club.

Mr. VAN BRUNT. He is shown on the license, is he?

Mrs. RANDOLPH. Let me see this.

Mr. VAN BRUNT. What is Mr. Cradick's connection?

Mrs. RANDOLPH. Mr. Cradick appears in the statement, the confidential statement, which was filed with us, but he has never appeared as a licensee or permittee.

Mr. VAN BRUNT. Does he appear as the owner?

Mrs. RANDOLPH. He appears in the statement filed by George D. Cooley and Henry Ballard, doing business as the Gardena Club. This is their confidential statement.

Mr. VAN BRUNT. Now, refer to the Horseshoe Club file, Mrs. Randolph. To whom is the license issued for the operation of that establishment?

Mrs. RANDOLPH. The American Legion. It is the Gardena Valley Post No. 187.

Mr. VAN BRUNT. With whom do they have an operating agreement?

Mrs. RANDOLPH. Their report shows that the agreement is with Bo Herbert, and with Hardy Lee. At the time they filed this they made the further statement:

Permittee and licensee believe there are other interested principals in the operation of the Horseshoe Club other than cited in the above contract—

and so forth. There is attached to this an exhibit. Do you care to have it?



MR. VAN BRUNT. I don't believe so.

MRS. RANDOLPH. This is the one that sets forth their case in court asking for declaratory relief.

MR. RICE. Do you have an extra copy of that?

MRS. RANDOLPH. I do not, because this was a confidential file and I do not make copies of that unless it is directed.

MR. VAN BRUNT. The American Legion has the license to operate that place but the information as to who is actually interested in it is so confidential that they, the American Legion, even haven't been able to find out who it is?

MRS. RANDOLPH. That I don't know.

THE CHAIRMAN. Bo Herbert and who else?

MRS. RANDOLPH. Hardy Lee.

THE CHAIRMAN. Who is he?

MRS. RANDOLPH. A Gardena man. He has lived there for years.

THE CHAIRMAN. You have the names, then, do you?

MRS. RANDOLPH. Yes.

MR. VAN BRUNT. Does Mr. Sammy Rummel's name appear as having an interest in any of the establishments at Gardena?

MRS. RANDOLPH. Yes, Mr. Van Brunt. He appears as having an interest in the Normandie Club.

MR. VAN BRUNT. Is his name connected with any records of any other clubs that is contained in your confidential file?

MRS. RANDOLPH. He is shown on the confidential statement of the Monterey Club, with parenthesis after it as attorney only, but he is shown as an interested party in the Normandie Club.

MR. RICE. As to the Normandie Club, is it indicated there what the date of acquisition was?

MR. RANDOLPH. No; there is no date of that. They merely file their statement of existing interests as of the date they file the statement.

MR. RICE. What is the date on the one for the Normandie?

MRS. RANDOLPH. The date this was filed with me was December 5, 1950. This is rather a new ordinance and was effective November 14, 1950.

MR. RICE. But that was filed on December 5 of 1950?

MRS. RANDOLPH. Yes.

THE CHAIRMAN. This Hardy Lee, is he a brother-in-law of Tom Banks that we have had some testimony about, or do you know that?

MRS. RANDOLPH. I don't know that, sir.

THE CHAIRMAN. Thank you very much, Mrs. Randolph. The exhibits you have prepared for us, if you will leave them with us, they will be very helpful.

MRS. RANDOLPH. Is that all that you care for, Mr. Van Brunt?

MR. VAN BRUNT. Yes; I believe that is all.

MR. RICE. Before you leave, Mrs. Randolph. Does it appear anywhere in your records that Rummel had an interest in any of these clubs before the filing of these on December 5, 1950?

MRS. RANDOLPH. I had nothing filed before that time, which shows that, an ownership.

MR. RICE. It appears that he is a new figure moving into the scheme of things on that?

MRS. RANDOLPH. No; I find him in the minutes all the way as an attorney. In fact, I understand he was the attorney for Frank Martin,

in the case of the Monterey Club against the State of California, which case made a determination or got the decision that draw poker was legal.

Mr. RICE. But his actual participation as an interested party first appears on December 5?

Mrs. RANDOLPH. That is right; yes.

The CHAIRMAN. Thank you very much.

Our next witnesses will be Carl Entenmann and Norman Entenmann. Will you both come forward and be sworn.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CARL ENTENMANN. I do.

Mr. NORMAN ENTENMANN. I do.

### TESTIMONY OF CARL AND NORMAN ENTENMANN, GLENDALE, CALIF.

The CHAIRMAN. For the record, which is which?

Mr. CARL ENTENMANN. I am Carl Entenmann.

NORMAN ENTENMANN. I am Norman Entenmann.

Mr. RICE. Where do you live?

CARL ENTENMANN. I live at 1253 Oakridge Drive, Glendale.

Mr. RICE. What is your business?

CARL ENTENMANN. Manufacturing jewelry.

Mr. RICE. Is your son associated with you in the business?

CARL ENTENMANN. He is just working for me; he is a salesman.

Mr. RICE. And he has been working for you for some time?

CARL ENTENMANN. Yes.

Mr. RICE. Where is the business located?

CARL ENTENMANN. No. 146 West Eighteenth.

Mr. RICE. In Glendale?

CARL ENTENMANN. No; in Los Angeles.

Mr. RICE. Were you here this morning during the proceedings?

CARL ENTENMANN. Yes; I was.

Mr. RICE. Did you hear the testimony of former Sheriff Officer Guasti?

CARL ENTENMANN. Yes.

Mr. RICE. Relating to the acquisition of certain badges by the sheriff's reserves?

CARL ENTENMANN. That is right.

Mr. RICE. We are interested in hearing from you as to the story of the sale of these badges. Who contacted you?

NORMAN ENTENMANN. I was contacted by Captain Striffe, that is for the design and so forth, and that was done through him. The actual purchase of the badges, well, it was sort of an agreement; no one single person said, "Go head," that I recall.

Mr. RICE. You had no written contract?

NORMAN ENTENMANN. No; we had an O. K. by the county purchasing department to go ahead and it was just a verbal say-so; that they weren't going to pay for them and they wouldn't be responsible for them but we could go ahead.

The CHAIRMAN. They told you to go ahead and make them but they wouldn't be responsible for payment?

NORMAN ENTENMANN. That is what they said was in the ordinance. The badges could be purchased, that complied with the ordinance, but there were no funds available for the badges, so, therefore, they would have to be paid for through some other source.

Mr. RICE. They authorized you to manufacture the badges for official purposes but indicated they would not be responsible for payment?

NORMAN ENTENMANN. That is correct; yes.

Mr. RICE. You are in business for profit, I take it?

NORMAN ENTENMANN. That is right; yes.

Mr. RICE. What guarantee did you have in connection with your purchase arrangement?

NORMAN ENTENMANN. I would say that Al Guasti—and knowing it was O. K.'d by the sheriff's office—that they would be paid for on delivery.

Mr. RICE. Did you have a conversation with Guasti?

NORMAN ENTENMANN. Well, I know I talked to him at the time they were purchased, but what the conversation was, I don't recall.

Mr. RICE. It was about the badges, was it not?

NORMAN ENTENMANN. Yes; it was an O. K.

Mr. RICE. To whom did you look for payment in your agreement?

NORMAN ENTENMANN. We were just told that they would be paid for when they were delivered, and we would receive the cash.

Mr. RICE. Who said that?

NORMAN ENTENMANN. Captain Striffe, I think it was.

Mr. RICE. What did Hy Ulnick have to do with the deal?

NORMAN ENTENMANN. I don't know who he is.

Mr. RICE. You had no dealings with Ulnick?

NORMAN ENTENMANN. There was a man that came in and paid for them, whatever his name was, and we were under the impression that his name was Fox.

CARL ENTENMANN. He gave the name as Harry Fox.

Mr. RICE. Is he an individual known to you?

CARL ENTENMANN. No; he just came in. I didn't see him, and I don't believe my son saw him. He was at 315 West Fifth Street; that is the address he gave us.

Mr. RICE. Is that a phony?

CARL ENTENMANN. Later on, I think we found out it was. It is the Jewelers Building there.

Mr. RICE. The man gave the name of Harry Fox, did he?

CARL ENTENMANN. Yes.

Mr. RICE. What was the cost of the badges? How many were there?

NORMAN ENTENMANN. I think there were 500.

Mr. RICE. There has been a figure of \$3,500 mentioned here.

CARL ENTENMANN. Yes; we have the records right here. There were 500 badges and 500 cap pieces made.

Mr. RICE. 500 badges and 500 cap pieces?

CARL ENTENMANN. Yes.

Mr. RICE. The total cost was how much?

CARL ENTENMANN. \$3,500, I believe.

NORMAN ENTENMANN. One order totaled \$1,281.25, and the other order totaled exactly the same.

CARL ENTENMANN. That includes the State tax.

Mr. RICE. Well, that is nearer \$2,500 than \$3,500.

CARL ENTENMANN. Yes; that is correct.

MR. RICE. What was the date of payment on that, or can you tell from your records?

CARL ENTENMANN. It says January 27; the 28th was when one was paid—that is 1949—and February 15 of 1949.

MR. RICE. You say a man by the name of Fox came in? How did you know that? Do you have a notation there about that?

CARL ENTENMANN. Yes; I do have a notation. We had it under the sheriff's emergency reserve in care of Captain Striffe. When we found out the money was not coming from the emergency reserves, when Fox came in to pay it, he had the salesman change the name to Harry Fox. He said he wanted to put that in his income tax, and that is why he wanted us to change it to that name.

MR. RICE. Who did Fox deal with?

NORMAN ENTENMANN. With one of the salesmen, Paul Reynolds.

MR. RICE. Did you see Mr. Fox?

CARL ENTENMANN. No.

NORMAN ENTENMANN. I saw him; yes.

MR. RICE. What sort of a looking fellow was Fox?

NORMAN ENTENMANN. I couldn't give you a definite description. From what I could tell he was rather tall with rather dark hair and well dressed and that is about all. There wasn't anything outstanding about him.

MR. RICE. Did he take delivery of the badges?

NORMAN ENTENMANN. No; he just paid for them.

MR. RICE. Did you call Guasti and find out whether it was all right?

NORMAN ENTENMANN. At that time I talked only with Captain Striffe.

MR. RICE. Did you talk with Captain Striffe to see if it was all right to accept payment from Fox?

NORMAN ENTENMANN. At one time when this Fox was in there, the time that I am speaking of, Captain Striffe was in the office at the time he paid for them.

MR. RICE. Captain Striffe was in there with Fox?

NORMAN ENTENMANN. That is right; yes.

MR. RICE. How old a man would you say Fox was?

NORMAN ENTENMANN. Forty-five.

MR. RICE. Have you ever seen him before or since?

NORMAN ENTENMANN. No.

MR. RICE. Would you know him if you saw him again?

NORMAN ENTENMANN. We were up once before to identify a man.

MR. RICE. You were up to identify him?

NORMAN ENTENMANN. Yes; that was another investigation of the Treasury Department.

MR. RICE. Were you able to identify him?

NORMAN ENTENMANN. No; not definitely. It was a year and a half or 2 years that had passed by.

MR. RICE. Well, we take it, or I suppose we can take it, that this man Fox would be a little difficult to locate at the present time?

NORMAN ENTENMANN. Yes. We weren't too impressed with him. We didn't know where the money was coming from.

MR. RICE. Did he pay cash?

NORMAN ENTENMANN. The first delivery was paid in a cashier's check and the second payment was cash.



MR. RICE. Do you have any record of the cashier's check?

NORMAN ENTENMANN. We haven't a record of it, no; the bank has it.

MR. RICE. You made a deposit of the cashier's check? You don't know where that was drawn; do you?

NORMAN ENTENMANN. I don't recall; no.

MR. RICE. How much was the check for and how much was the cash amount?

NORMAN ENTENMANN. It is hard to say. One was for \$1,281.25, I think, and the other one was about \$1,537.50.

MR. RICE. What is that last amount?

NORMAN ENTENMANN. The last one was \$1,537.50; I don't know which is which.

MR. RICE. Were the payments made on two occasions?

CARL ENTENMANN. Yes.

MR. RICE. How was delivery made?

NORMAN ENTENMANN. The cap ornaments were delivered, I believe, by one of the fellows in the office but they were delivered direct to Striffe. The second delivery, I believe, were the badges and I cannot definitely say all the badges were delivered. I know the one was delivered direct to Captain Striffe.

CARL ENTENMANN. None of the order was delivered to Fox.

NORMAN ENTENMANN. Nothing was delivered to Fox.

MR. RICE. Nothing was delivered to Fox?

NORMAN ENTENMANN. No.

MR. RICE. Did Guasti ever appear at your place in connection with the badges?

NORMAN ENTENMANN. No; I don't think so.

MR. RICE. Did you ever hear it said that there was an angel who paid for that?

CARL ENTENMANN. I made the remark to my son at the time. I said, "I wonder why the man wanted to pay for the badges." He said that he was interested in the sheriff's reserves and that is why he paid for them.

NORMAN ENTENMANN. He was interested in the type of work they were doing, he said.

MR. RICE. Well, I don't doubt that he was interested in the type of work they were doing.

NORMAN ENTENMANN. Well, I am not too clear on where delivery was made. I know for sure that one was delivered direct to the sheriff's reserve office.

CARL ENTENMANN. It seems to me that they were quite in a hurry for them.

MR. RICE. Is there anything else about this deal that you think we ought to know?

NORMAN ENTENMANN. Nothing that we can throw any light on. We were just going about doing our usual business, like we always do, of making the badges.

MR. RICE. Would you say that this was an unusual transaction?

NORMAN ENTENMANN. Very unusual.

CARL ENTENMANN. Yes; it was.

NORMAN ENTENMANN. We were quite careful at the beginning because we didn't have a purchase order on it. Naturally, when you make up so many badges you want to be sure.

Mr. RICE. Did you get anything in the nature of a guaranty from Guasti?

NORMAN ENTENMANN. It was rather general.

Mr. RICE. What did Guasti guarantee? Did he guarantee it at all?

NORMAN ENTENMANN. I can't say; I don't recall the statement, him making a definite statement about that.

Mr. RICE. You had the impression that it was all right with Guasti and he would stand behind it?

NORMAN ENTENMANN. Certainly.

Mr. RICE. You do not recall the exact words but you did definitely receive the impression that he would guarantee payment?

NORMAN ENTENMANN. Something like that; yes.

Mr. RICE. I have nothing further.

Mr. ROBINSON. No questions.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. Thank you for coming in, gentlemen.

Our next witness will be Walter R. Schmid.

Mr. Schmid, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHMID. I do.

#### TESTIMONY OF WALTER R. SCHMID, ORANGE COUNTY, CALIF.

The CHAIRMAN. Proceed with the witness, Mr. Rice.

Mr. RICE. You are Walter Schmid?

Mr. SCHMID. Yes.

Mr. RICE. You were the foreman of the grand jury in Orange County; is that correct?

Mr. SCHMID. I was foreman of the 1949 grand jury.

Mr. RICE. What was the term of that grand jury?

Mr. SCHMID. That ran from the end of January 1949 to the beginning of February 1950.

Mr. RICE. It ran a little over a year?

Mr. SCHMID. A shade over a year; yes, sir.

Mr. RICE. We are interested in the activities over there and we hope you can amplify on them a little bit, about that situation over in that county. What did you find out about the F. & S. Co.?

Mr. SCHMID. The F. & S. Co.?

Mr. RICE. Yes.

Mr. SCHMID. The F. & S. Co. is formerly the Faust & Showalter Co., but the name Showalter is still carried, although I understand it is not a member of the firm any more. They were instrumental in putting out pinball machines, slot machines, and the like within the county.

Mr. RICE. Was that during the time of the grand jury?

Mr. SCHMID. Yes, sir.

Mr. RICE. They had pinballs and slots in your county?

Mr. SCHMID. That is right; yes.

Mr. RICE. That is against the law, is it not?

Mr. SCHMID. We thought it was; yes, sir.

Mr. RICE. Did you have a sheriff over there?

Mr. SCHMID. Well, I understand the sheriff confiscated the machines at various times.

Mr. RICE. What was his name?

Mr. SCHMID. His name is Mr. Musick.

Mr. RICE. Is he still in office?

Mr. SCHMID. Yes.

Mr. RICE. Is that Jim Musick?

Mr. SCHMID. Yes, sir.

Mr. RICE. Now, were there cardrooms operating there?

Mr. SCHMID. There were cardrooms operating in various parts of the county, at numerous places.

Mr. RICE. Is that legal?

Mr. SCHMID. I understand from the district attorney it is legal, as long as it is draw poker.

Mr. RICE. During the term of the grand jury did the slot machines operate over there?

Mr. SCHMID. The slot machines did not become a particularly large menace until the latter part of the grand jury's term, when all at once quite a contingent of slot machines moved into the county and also so-called slot machines were not pay-off machines, but they were slot machines for amusement only, within the city of Santa Ana, which was brought to the attention of the grand jury because they had numerous calls of why this was allowed.

Mr. RICE. Was the grand jury able to trace the source of these machines?

Mr. SCHMID. We had no investigators, sir.

Mr. RICE. You were not able to trace them back to Chicago or from wherever they may have come from?

Mr. SCHMID. No.

Mr. RICE. Did Faust have anything to do with that?

Mr. SCHMID. We assumed that he did.

Mr. RICE. Were you able to establish that through testimony of witnesses?

Mr. SCHMID. The only testimony we had definitely was by a former operator of athletic events, within the county, who testified that any time any slot machines or any booking or anything of that kind went on it would have to go through the Faust organization before it would be allowed in the county.

Mr. RICE. He testified they would have to clear through him?

Mr. SCHMID. Yes.

Mr. RICE. He was the boss, then; is that right?

Mr. SCHMID. Yes.

Mr. RICE. What is his first name?

Mr. SCHMID. Who are you referring to?

Mr. RICE. Faust.

Mr. SCHMID. I understand there are two of them; Ray and Jack.

Mr. RICE. Which one is the boss?

Mr. SCHMID. That I do not know, sir.

Mr. RICE. But it is one of the two; is that right?

Mr. SCHMID. Yes.

Mr. RICE. Tell us about the Airport Club? What was the story on the Airport Club? Who ran it?

Mr. SCHMID. The only information that we had for the 1949 Grand Jury, as far as the Airport Club was concerned, was that it was in the process of being built. The attention of this was called to the district attorney and also to the sheriff.

Mr. RICE. You say that it was in the process of being built?

Mr. SCHMID. Yes, sir.

Mr. RICE. And you called the attention of the sheriff to that? Why would you do that?

Mr. SCHMID. The information was prevalent, within the county, that it was to be used for gambling purposes. It was a large establishment. However, it was within the city of Seal Beach and not in county territory.

Mr. RICE. The Airport Club was being built by whom?

Mr. SCHMID. The only information we had was that it was by the Robertson interests.

Mr. RICE. W. L. ROBERTSON?

Mr. SCHMID. I assume those are the initials.

Mr. RICE. You reported that to the sheriff?

Mr. SCHMID. The sheriff was aware of that; yes.

Mr. RICE. He was aware of that?

Mr. SCHMID. Yes.

Mr. RICE. What happened?

Mr. SCHMID. Well, as far as it was in construction at that time, there was nothing he said he could do about it.

Mr. RICE. Did he ever make a statement that he would see that it never opened its doors?

Mr. SCHMID. He said he would certainly see to it that nothing would happen outside of the legal possibilities within the county or within the county's scope.

Mr. RICE. But it was completed and it did open?

Mr. SCHMID. Yes.

Mr. RICE. What type of activities took place in there?

Mr. SCHMID. I understand it is draw poker and there was at times bingo games.

Mr. RICE. The bingo games are illegal, are they not?

Mr. SCHMID. So I have been informed.

Mr. RICE. Is that still running?

Mr. SCHMID. I do not know.

Mr. RICE. It was running the last time you knew about it, though?

Mr. SCHMID. I understood that it was.

Mr. RICE. Was the sheriff ever called on the carpet about that?

Mr. SCHMID. I don't know about the 1950 grand jury.

Mr. RICE. I mean by your grand jury?

Mr. SCHMID. There was nothing done at that time; no, sir.

Mr. RICE. Did your grand jury make a report?

Mr. SCHMID. Yes, a final report.

Mr. RICE. Was there anything said in the report about the sheriff?

Mr. SCHMID. We said nothing in particular about the sheriff except that we felt the interest of the powers that he would naturally tend to have power over the elected officials from this standpoint of pressure that was prevalent. We said nothing definitely about the sheriff outside of that.

Mr. RICE. There was a story about a switch that was made. Did you have a chairman for your grand jury?

Mr. SCHMID. I was the chairman; yes.

Mr. RICE. You were the foreman, were you not?

Mr. SCHMID. We had a grand jury committee on crime; that is correct?



Mr. RICE. On crime?

Mr. SCHMID. That is right.

Mr. RICE. That is separate from the foreman of the grand jury, is it?

Mr. SCHMID. I think there were eight committees.

Mr. RICE. But there were committees within the grand jury?

Mr. SCHMID. That is right.

Mr. RICE. Was there any manipulation or any switch on that, with a view to giving the sheriff a clean bill of health where it appeared that it was not warranted?

Mr. SCHMID. Yes, there was to some extent. There was nothing substantial to warrant any further investigation, at least, in his opinion, but that everything was as it should be, but the grand jury, as a whole, did not believe that was warranted and, therefore, did not include it in its final report.

Mr. RICE. There was a dispute between the grand jury, as a whole, and the subcommittee; is that what you are trying to tell us?

Mr. SCHMID. That is correct; yes.

Mr. RICE. Do you have any recommendations you would like to make to us or any views that you might have developed as a result of your experience with the grand jury that would be helpful?

Mr. SCHMID. The only recommendation I feel that I would like to make would be that even though it isn't apparent on the surface that there are any great criminal things going on, at the same time, as it has been explained here this afternoon, in the testimony that I have listened to, it is definitely apparent that these forces are at work and do undermine properly elected authorities. That is unfortunate because that is taking place even in such nice counties as Orange County. If anything can be done to ferret out these powers that be, why, I would like to see something along that line done.

Mr. RICE. In connection with that, did you find it impossible or did you find, as a member of the grand jury, that it was impossible to use the grand jury as a vehicle to ferret that out?

Mr. SCHMID. We were not allowed any direct investigators.

Mr. RICE. You have no expenses for that?

Mr. SCHMID. No. We had to go either to the district attorney's office or the sheriff's office for that type of investigation. The grand jurors, as such, felt, in the later stages of the developments that had occurred, that it would be of no use, and the fact that there seemed to be very little encouragement from these two officers, and it seemed impossible that we would get anything done along that line.

Mr. RICE. The net result is you developed a sense of inadequacy to cope with the situation?

Mr. SCHMID. Yes.

Mr. RICE. Is there any indication in your county that these fellows who operate these establishments were responsible for these conditions, those who were responsible for these conditions, that they were out of State or out of county individuals?

Mr. SCHMID. I do not know. I understand the Faust organization has existed in the county for a long time.

Mr. ROBINSON. Mr. Schmid, with respect to the Airport Club, could you comment with respect to the actual physical location of the Airport Club?

Mr. SCHMID. Well, it is directly on the Highway 101 bypass, going from Rosemead Boulevard along the coast there.

Mr. ROBINSON. With respect to the county line, doesn't the county line run through the parking area of the club there?

Mr. SCHMID. I am not positive of that; it is very close.

Mr. ROBINSON. It is very close?

Mr. SCHMID. Yes, it is.

Mr. ROBINSON. Would you say that part of it is built outside of the county line and part in your county, the county of Orange?

Mr. SCHMID. I understand it is within the county of Orange, but within the city of Seal Beach.

Mr. ROBINSON. Would that tend to indicate anything with respect to the adequacy or inadequacy of law enforcement from county to county?

Mr. SCHMID. It might be that each county might feel they do not care to take any definite action; that might be possible; yes.

The CHAIRMAN. We had some testimony before us in San Francisco, the last time we were out on the coast about this. As I recall Mr. Robertson testified that he had two corporations or partnerships. I think they testified that that place had two outfits involved in it. One had the ownership or leased the land and the other is operating the draw poker and bingo games or whatever it is. Did you understand that there were one or two corporations operating it in that manner, one leasing the land and the other running the games?

Mr. SCHMID. No, I am not acquainted with that portion of it.

The CHAIRMAN. If there be nothing further you may be excused.

Mr. ROBINSON. I haven't anything further.

Mr. VAN BRUNT. Nothing further.

Mr. RICE. That is all.

The CHAIRMAN. Thank you very much.

The chairman has a letter from Cleto Baroni, editor and publisher of the *Italio Americano*, saying that it has come to his attention that certain remarks were made concerning Italians, American-Italians and American-Sicilians in the United States and here in Los Angeles, Calif. He states that certain remarks took place this morning, during the televised portion of the hearing and of the broadcast of the hearing, in this current crime investigation, over KECA-TV, remarks which he thought derogatory to those two classes of people. He asks to be shown a copy of my remarks.

As I remember the incident, some witness was testifying about an Italian or Sicilian gang. I think I interrupted his testimony to say that I knew he wouldn't want that to be interpreted as meaning a reflection upon the people of Italian descent or of Sicilian descent; that the great majority of people of Italian descent and Sicilian descent are like any other nation of law-abiding citizens.

It will be arranged so that he gets a copy of that portion of the record.

Now, there were some few people, much to the consternation of the great majority of people from Sicily, that have operated in a little clique, which we usually call the Mafia, which has had a very bad influence on sections of law-enforcement agencies. That should not be a condemnation of the great majority of people from Sicily.

That is what I always say in connection with discussing matters of this sort. I think it is the same in any large city, 99 $\frac{9}{10}$  of the people are good and law abiding, but a very small minority, perhaps 100 in a city of 500,000 can cause all kinds of trouble and difficulty and break down law enforcement in committing many different types of crimes.

I will write Mr. Baroni a letter as to that, but I want to take this opportunity of making a little amplifying explanation of what I said this morning.

We will stand in recess until 8 o'clock this evening and we will go for an hour or an hour and a half. Then we will begin again tomorrow morning at 10 o'clock.

(Whereupon, at 5:45 p. m., a recess was taken until 8 p. m. of the same day.)

#### EVENING SESSION

The CHAIRMAN. The committee will come to order.

This afternoon Captain Hamilton testified that Fred Ossana, an attorney from Minneapolis, was under indictment for perjury. I believe that was the testimony. I believe it was testified to that he was under indictment for perjury, but I have been advised by the reporter for the Minneapolis Times that the indictment has been quashed and Mr. Ossana is not now under indictment. I want to have that correction made in the record.

Mr. Bonelli, will you come around and be sworn.

Do you solemnly swear that the testimony you will give this committee, will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BONELLI. I do.

#### TESTIMONY OF WILLIAM G. BONELLI, MEMBER OF THE FOURTH DISTRICT, STATE BOARD OF EQUALIZATION, STATE OF CALIFORNIA

The CHAIRMAN. Mr. Bonelli, I want to ask you a few preliminary questions and we have two or three other matters that we want to talk about. What is your present position, officially?

Mr. BONELLI. Member of the Fourth District, State Board of Equalization, State of California.

The CHAIRMAN. How long have you held that position?

Mr. BONELLI. Since April 3, 1938.

The CHAIRMAN. You are a constitutional officer of the State of California?

Mr. BONELLI. An elective constitutional officer, yes.

The CHAIRMAN. Were you elected in 1938?

Mr. BONELLI. I was appointed April 3, 1938, by Governor Merriam and was elected at the primaries, on all tickets, in August of that same year and have been re-elected every four years on all tickets to the present time.

The CHAIRMAN. That would be 1942, 1946 and 1950?

Mr. BONELLI. Yes.

The CHAIRMAN. You have a cross-filing system out here in California that we have always been interested in.

Mr. BONELLI. We do, yes.



The CHAIRMAN. I believe that you were born in Arizona.

Mr. BONELLI. Came to Arizona April 9, 1895.

The CHAIRMAN. And you graduated from the University of Southern California? You are a lawyer, are you?

Mr. BONELLI. Part of that is incorrect, Senator. I graduated from the U. S. C. liberal arts in 1916 and obtained my master of arts degree from Occidental College in 1921. I graduated from the Southwestern Law School in 1924.

The CHAIRMAN. Did you teach at Occidental for a while?

Mr. BONELLI. I did, from about 1924 to 1930, I believe it was; about 7 years.

The CHAIRMAN. You were elected as a member of the city of Los Angeles Council and became president of the council. I believe?

Mr. BONELLI. I was elected in 1927 from the fourteenth district, that is Eagle Rock and Highland Park, and was elected president of the city council that first year; yes, sir.

The CHAIRMAN. And you ran for mayor and were defeated and then you ran for the State assembly and were elected?

Mr. BONELLI. I ran for mayor and was the runner-up out of 14 candidates. I had to run it off and was defeated in the finals; yes.

The CHAIRMAN. Then you were member of the assembly when you were given this appointment?

Mr. BONELLI. I was not; no. I was elected to the assembly in 1931, but did not run for re-election. My term expired at the end of 1932. I practiced law, then, for 2 or 2½ years and was thereafter appointed director of professional and vocational standards for the State of California. I believe that was April 8, 1935.

I served in that capacity until I was appointed on this board in 1938.

The CHAIRMAN. Now, the fourth board district of the board of equalization, is that a board composed of you and other members?

Mr. BONELLI. No; not in the fourth district. I am the only member from the fourth district.

The CHAIRMAN. You are the only member from the fourth district?

Mr. BONELLI. The State is divided into four districts, Senator. If I have been correctly advised as to the history of it, the constitution, which was adopted in 1879, at a time when there were four Congressmen from California, the board of equalization was created and they designated four members, one being allocated to each of those then existing congressional districts, and the controller is the ex-officio member of the board, making a five-man board.

It has never been reapportioned so that today the allocation of counties, which 1879 gave somewhat even distribution from a population standpoint, today results in the member from this fourth district, with the eight southern counties of the State, representing almost 60 percent of the people of the State; approximately 65 percent of the revenue and tax business of the State and I think about 54 percent of the liquor licenses in California.

The CHAIRMAN. So that the big part of the work of the board of equalization is on you in this southern district?

Mr. BONELLI. That is not entirely correct, Senator. You see, the board composed as it is is not one wherein the functions in the respective districts are allocated to or are under the direct supervision of the member from the district.



The attorney general has repeatedly ruled that we function as a board. We have to have a valid quorum. There has to be a majority of a quorum. That quorum must be present in person and cannot function by proxy or by telephone.

Theoretically a board member, then, functions through a board meeting, otherwise only in a supervisory and a political and an elective manner.

The CHAIRMAN. I take, then, you are the immediate person in charge in this district, but the policies and the decisions and what-not are made by a board, which has three other members?

Mr. BONELLI. That is only partially true, Senator. The functions of the board are varied. For each of those functions, disassociated, most of them from each other, they are set up by sometimes, constitutional and, sometimes, statutory authorities and have a chief for the State. For example, liquor control is supervised by the liquor administrator, the chief for the State. The sales tax division has its own State-wide administrator. Transportation truck taxes, function the same way; one for the whole State. The same with the gas tax, one chief for the entire State. The division of assessment standards and so on function practically in the same manner.

The CHAIRMAN. For practical purposes, Mr. Bonelli, to get down to it, you have the main say-so and you are practically the man who decides the chief decisions as to liquor license and matters of that sort in this fourth district; is that correct?

Mr. BONELLI. In a practical way it may be, although my manner of handling it; I would not say that that is totally correct, no.

The CHAIRMAN. Just what do you have jurisdiction over? You have jurisdiction over liquor licenses; is that correct?

Mr. BONELLI. You are talking about the State board's function?

The CHAIRMAN. Yes.

Mr. BONELLI. The administration of the Alcoholic Beverage Control Act, yes.

The CHAIRMAN. What else?

Mr. BONELLI. The collection of the sales tax and use tax.

The CHAIRMAN. Sales tax and use tax?

Mr. BONELLI. Yes.

The CHAIRMAN. What is this use tax?

Mr. BONELLI. That is the tax levied on goods brought into the State purchased in other States, the tax being the same on those brought into those States for use therein. It is the same as a sales tax, which would have been collected, had those goods been sold within the State.

The CHAIRMAN. What else does the board have jurisdiction over?

Mr. BONELLI. The collection of the gas tax and the motor vehicle—

The CHAIRMAN. The motor license tax, you mean?

Mr. BONELLI. No, motor fuel; Diesel tax.

The CHAIRMAN. What else?

Mr. BONELLI. Motor licenses are under the motor division.

The CHAIRMAN. You have nothing to do with those licenses?

Mr. BONELLI. Only when they send us over a scad of new license numbers and say, "We think these came from out of State and have avoided or evaded the tax," and we proceed to check up and

make everybody angry by collecting the use tax on them. It is a cooperative function and not a direct one that we perform with them.

The CHAIRMAN. How about the tax for operating these draw poker places? Does that come under your jurisdiction?

Mr. BONELLI. We have none; they are not licensed by the State in any manner.

The CHAIRMAN. They are not licensed?

Mr. BONELLI. No.

The CHAIRMAN. Bars and taverns and things of that sort, that comes under your jurisdiction?

Mr. BONELLI. That is correct, yes.

The CHAIRMAN. Are these bingo-bridgo games, or whatever they call them, are they licensed?

Mr. BONELLI. Not by the State, no.

The CHAIRMAN. Are they legal under the State law?

Mr. BONELLI. I would refer you to our new yet very competent attorney general for an opinion on that. I understand from what I read in the papers that he has ruled that they are not. We have no jurisdiction over them. There are no liquor licenses in them, in those places, so far as I know, so I do not concern myself too much about them.

The CHAIRMAN. Do you have an office here in Los Angeles for the southern division, the southern district?

Mr. BONELLI. The administrative functions of the State board are divided into 14 administrative districts for the State. In the fourth district, districts 1, 5, 6, 7, and 11, they are the general administrative divisions in southern California. Los Angeles County, with its 4,200,000 people, being in the one district, is then divided into sub-districts.

I believe we have seven of them established now and are planning additional ones, probably up to 11 eventually. Each of those districts has a district chief for the various functions.

The CHAIRMAN. As a matter of curiosity, the employees, are they selected by you or are they selected by civil service or how is that done?

Mr. BONELLI. By civil service with only five exceptions. The secretary of the board is exempt from civil service. Each board member has an exempt deputy provided him by the legislature.

The CHAIRMAN. All others are under civil service?

Mr. BONELLI. All others are under civil service.

The CHAIRMAN. By "civil service" you mean they must be on an eligible list and you can select them from the eligible list?

Mr. BONELLI. And by the State personnel board, which certifies to us an eligible list, when we have a vacancy and ask for a certification of eligible names.

The CHAIRMAN. How many employees do you have under your supervision?

Mr. BONELLI. You mean the board?

The CHAIRMAN. I mean this fourth district.

Mr. BONELLI. I think in the alcoholic beverage control division there are approximately 140; possibly it is up to 150; it varies.

The CHAIRMAN. I mean of all of the divisions that you have control?

Mr. BONELLI. I would say between 900 and 1,000 at the present time. Military leaves and shifts and transfers make it very different at times.

The CHAIRMAN. Who are the other members of the board, Mr. Bonelli, besides yourself?

Mr. BONELLI. District No. 1, San Francisco and the bay region, not including Alameda County, however, George R. Riley; Oakland, the Central Valley down to and including Kern Valley or Kern County, Jim Quinn—James H. Quinn. District No. 3, the northern half of the acres of the State, Gerald Sewell.

The CHAIRMAN. Do you meet once a year or twice a year, or how often do you meet?

Mr. BONELLI. The controller, ex-officio, Tom Kuchel, he is also on that list, if you want your list complete.

The CHAIRMAN. How often does the board meet?

Mr. BONELLI. The board has numerous constitutional and statutory requirements as to meetings.

The CHAIRMAN. I mean how often do you actually meet?

Mr. BONELLI. Well, we are actually available for and in legal meeting continuously from, I think it is the first Monday in March, until somewhere near the middle of August.

In other words, stated periods for the filing of protests against public utility assessments, assessment rolls and so on, require a majority of the board to be available so that meetings can be held on any of the business days during that period. Actually, Senator, we meet on an average of two times a month for a 2- or 3-day period, to take care of general personnel, liquor hearings, sales-tax hearings, and the normal workload of the board.

The CHAIRMAN. Do you have jurisdiction of the tax on distilleries and breweries, wholesale liquor distributors, of the liquor taxation on that?

Mr. BONELLI. The entire subject of the Alcoholic Control Act; yes.

The CHAIRMAN. How about out-of-State companies doing business here?

Mr. BONELLI. Where subject to tax, yes; they would come under our jurisdiction.

The CHAIRMAN. Do they have to get any permit or anything to ship their products into this area, into California?

Mr. BONELLI. No one can bring distilled spirits into the State of California except through an importer. A retailer or consumer cannot do it. The importer's license is required.

The CHAIRMAN. You mean an importer who has a separate business and pays a separate tax?

Mr. BONELLI. A separate license, yes.

The CHAIRMAN. The company itself cannot ship products into California, companies like Seagram's, Schenley or what not; if they ship into California it is through an importer?

Mr. BONELLI. I think the general practice is to add the importer's license to the distributor or the wholesaler outlet, which they make it through.

The CHAIRMAN. For practical purposes, a man who wants a liquor license, in this district, makes his application to you; or if he wants



to transfer one, why, that matter is with you for practical purposes, is it?

Mr. BONELLI. By "me," you mean the board?

The CHAIRMAN. What I mean is that part of the board under your jurisdiction. You don't actually take up with the board every application or every transfer, do you?

Mr. BONELLI. Now, Senator, I am going to be patient and I am going to try to be cooperative, and I am going to hope that you are as unfamiliar with this subject as the hearings today indicated you were. I am going to correct you definitely enough so then I hope in a kindly way you and I won't have a misunderstanding.

The CHAIRMAN. I certainly hope we don't.

Mr. BONELLI. You made several false references in the record today that directly belittled my position.

The CHAIRMAN. Now, that is all right; just a minute, Mr. Bonelli.

Mr. BONELLI. I don't want any more of it.

The CHAIRMAN. Just a second, please.

Mr. BONELLI. I don't want any more of it if we can avoid it.

The CHAIRMAN. If we made any false references I want you to point them out and tell us because we are not here to make any false references about anyone, so you take your time and just tell us anything, if you will.

Mr. BONELLI. I will come to them, if we don't clear them up in the questioning. The two specific ones that I refer to, you personally injected into the record and were not in answer to any questions but in side comments. They were a trespass upon the sovereignty of this State. They were intended or appeared to belittle the elective official of the people of this State, Senator.

The CHAIRMAN. Just what was that?

Mr. BONELLI. And they resulted in a false record being produced here.

The CHAIRMAN. I want to clear it up if there is any statement I made that was incorrect.

Mr. BONELLI. Perhaps I am a little concerned about it, but I have rendered a great many years of competent and approved public service. I try to do an honorable job and I don't intend to have my record smeared by unnecessary antics or by any malice.

The CHAIRMAN. What was it that I said?

Mr. BONELLI. The first of those I will refer to if you want that now.

The CHAIRMAN. Yes. I think the record, if I made any false references or if I cast any incorrect aspersions, I certainly want it cleared up so let's get to the first one now.

Mr. BONELLI. I believe Mr. Guasti was on the stand ahead of Mr. Hill; is that correct?

The CHAIRMAN. No, he was on the stand after Mr. Hill.

Mr. RICE. Were you here all day?

Mr. BONELLI. Yes; I was. Anyway, after the testimony by Mr. Guasti regarding a liquor license which he got from the State of California, and which Bill Cook was in the testimony, and was supposed to have something to do with that, that record is not clear; it isn't correct in any way and it should be corrected.

Mr. RICE. Let's get down to cases. What are you talking about?

The CHAIRMAN. I want Mr. Bonelli to take his time.



Mr. BONELLI. Would you rather do the testifying or would you rather that I answer the questions?

Mr. RICE. Let's get down to what you want to correct. So far I don't understand you.

The CHAIRMAN. We are getting along all right.

Mr. BONELLI. I don't mind anybody testifying, but you incur the penalties of perjury and be sworn, if you want your questions to go into my answers.

The CHAIRMAN. To what are you making reference?

Mr. BONELLI. The testimony was that Bill Cook had told Mr. Guasti if he would pay \$525 or \$550 he could get a license. The facts are that any money that was referred to was the fee to be paid to the State of California. There was no money asked by Mr. Cook for any purpose that could reach to him or to any other person other than to the State of California. However, when that testimony was completed the Senator, in an aside, but directed to the witness, said, "Mr. Cook is Mr. Bonelli's brother-in-law, isn't he or isn't that right?" Now, that canard, Senator, has been circulated around on a good many occasions. It is false.

The man is no brother-in-law, no relative of mine, never was and I am just sensitive enough that I think either you have been ribbed about a good many matters and do not know what you are talking about or I don't think a man of your standing would do those things maliciously. It did, as I say, result in a false record.

The CHAIRMAN. We will get that straightened out right now. Conversation came up as to whether Mr. Cook was related to you and somebody said they thought he was related and I said I thought he was your brother-in-law. That was my impression and if I was incorrect about it I am sorry.

Mr. BONELLI. I am testifying under oath and he is not.

The CHAIRMAN. Is he any relation of yours?

Mr. BONELLI. He is no relation of mine or any of my relations and has never been.

The CHAIRMAN. Well, we have that clear.

Mr. BONELLI. He isn't any relative either by marriage or by blood.

The CHAIRMAN. We have that clear in the record now. He is no relation to you or to any of your relatives. I said that and if you took exception about it then I certainly apologize for having said it.

Mr. BONELLI. I take exception to my name being added to another name which has been slurringly or incorrectly testified to.

The CHAIRMAN. The question was in that regard, Mr. Bonelli, that it was understood, of course, that Captain Guasti paid his \$525 to the State. What was Mr. Cook out handling licenses for, seeking out Captain Guasti to see if he could get him a license?

Mr. BONELLI. Do you want to go into that subject now?

The CHAIRMAN. We were talking about Mr. Cook.

Mr. BONELLI. I can't tell you what Mr. Cook or anyone of 1,600 people were doing about those licenses, Senator.

The CHAIRMAN. How is he in a position to go out and say, "I think you ought to have a license," and then deliver one?

Mr. BONELLI. The same as hundreds and hundreds of other people did at that same time.

The CHAIRMAN. You mean people were out jockeying with licenses when they had no right to do it or the ability to do it?

Mr. BONELLI. That is not correct.

The CHAIRMAN. Was he an employee of the State board?

Mr. BONELLI. He was not; he was employed by the State. I gave him a job for, I think, a 6 months' temporary appointment in the latter part of 1940 or the early part of 1941. That was the only time, so far as I know, that he was connected with any State employment.

The CHAIRMAN. The question does come, and it is naturally pertinent to the testimony we have since you brought the matter up, that here a police officer, an important police officer in the city of Los Angeles or with the sheriff's office, says he was sought out by Mr. Cook who wanted him to have one of these licenses. There wasn't any inference that the \$525 did not go to the State, but that at that time the licenses were selling for \$12,000 or \$13,000, according to his testimony, as I remember it. So I did wonder how come Mr. Cook was in a position to offer somebody a license and then to get it in whoever's name he wanted to have it.

Mr. BONELLI. Do you think that was the testimony?

The CHAIRMAN. That is what Mr. Guasti said.

Mr. BONELLI. I think you are entirely too broad in your statement in what the testimony was, but I will pass it.

The CHAIRMAN. The record will show which of us is correct, but as I remember Mr. Guasti's testimony it was that Mr. Cook came to him and he said he wanted him to have one of these licenses that had been issued; that it was arranged that it be taken in the name of the fellow who ran the bartender's school, whatever his name was. I have forgotten his name. I think his name was Perry. Then the next thing he knew, why, Perry had the license and had gotten a location for Guasti and Guasti then had the license transferred from Perry, not to him, because he was a police officer, but he thought it would be better to have it transferred to his wife's name. The question naturally arises how can somebody just go out and seek out a person, give them something, sell them a license for \$525 or \$550, which you had charge of issuing.

Mr. BONELLI. No; the board does.

The CHAIRMAN. Well, the board then. The license was worth \$12,000 or \$13,000 and it was given to a police officer, for which on the face of it does not look very good. I think you will agree with that, Mr. Bonelli.

Mr. BONELLI. I think that was an unnecessary conclusion on your part, and not based upon fact.

The CHAIRMAN. What conclusion would you draw, sir?

Mr. BONELLI. I would draw this conclusion—do you want to know what happened about those licenses?

The CHAIRMAN. Yes; I would like to know.

Mr. BONELLI. Then let's go into it.

The CHAIRMAN. Tell us about Mr. Cook and Captain Guasti first.

Mr. BONELLI. I will do that and I think you will understand a lot of other things as I do it. When the constitution was amended and repeal came in, the constitutional provision placed no limitation upon either "off sale" or "on sale" distilled spirit licenses. Now, I say limitation as to numbers. There was no limitation as to numbers. It was by classifications and by conditions and my premises, but not saturation

point, no formula for total numbers was provided. Now, that was 5 years before I was on the board.

Licenses were issued almost as applied for. That condition was still one of open and unlimited license granting, when I came on the board in 1938. The number of licenses granted was becoming very great; it was oversaturated. The great number of people in the business were tending to destroy the levels of observance and causing enforcement problems.

I think it was in August of 1939, that I proposed a resolution to place a limitation upon the granting of additional "on sale" general licenses, the "on sale" beer and wine licenses and the "off sale" distilled spirits licenses, using as a formula that there should not be more than one such license in any of those three classes per 1,000 of population, gaged by counties, and based upon the 1930 census, which was our then latest census.

That was adopted by the board, became the rule and I think I am correct in saying after that was adopted no additional licenses, new ones, were granted by the State board of equalization in any county.

The CHAIRMAN. That was when?

Mr. BONELLI. Well, 1939, Senator, and that was a board rule. When we came down to 1944 or 1945, the war was on and the board had been adopting the emergency rules at the request of the Army, Navy, and so on. We had a midnight closing rule upset in court. Others were in jeopardy, so the legislature took cognizance of the conditions and took that limitation rule and wrote it into statute, by formal enactment.

They continued to use that 1 to 1,000 formula but they adjusted it to the 1940 census. In other words, they used the same 1 to 1,000 formula but based it upon 10 years additional growth of the State, which resulted in two counties in the State being underlicensed, according to that legislative formula.

Those two counties were Los Angeles County and San Diego County.

The CHAIRMAN. How many additional licenses did that provide for Los Angeles County?

Mr. BONELLI. In Los Angeles County, as near as the staff could give us the census figures, it provided or authorized something like 450 additional licenses.

The CHAIRMAN. And San Diego County, do you remember that figure?

Mr. BONELLI. In San Diego it appeared from the census reports that they should have, I think it was 108 additional ones, which, because of the controversy over the subject, we cut about in two, and actually issued 52 new ones in San Diego County.

The CHAIRMAN. That was in 1945, I believe you said?

Mr. BONELLI. Yes. Now, Senator, the law provides and this is legislative, that the holder of a retail license has a right to transfer that license either to suitable premises or to a new and acceptable owner and when he does that all the State can collect is the statutory transfer fee, it being normally what a new application fee would be for that same type of license, were a new one being granted.

The CHAIRMAN. What is that transfer fee? Is it five-hundred-and-some-odd dollars?



Mr. BONELLI. It depends upon what quarter of the year it is. If it is the full one or in the first quarter of a year it would be \$525. I think it is adjusted quarterly so if it is only for a half a year it is adjusted to half of that amount, with an additional \$25 where the transfer is to go to a new premise, as well as to a new owner.

The CHAIRMAN. The question reverts, Mr. Bonelli, to Mr. Cook being out dealing in licenses, approaching Captain Guasti about the matter. Can you see any reason for that?

Mr. BONELLI. So this rule went into effect and applications began to be made for new licenses by yacht clubs, fraternal clubs, veterans clubs, charitable organizations, press clubs, hotels, and the like. Now, the trouble was this, Senator, and it was upon this showing of public convenience and necessity that the board accepted applications and announced that it was going to grant additional licenses.

In San Diego County the transfer value of a license had risen to, I think, about \$22,000. The holder of a license wouldn't sell it unless he was paid \$20,000 or \$22,000. The small transfer fee, the only part the State is interested in or that the State is interested in is the small transfer fee.

Now, in Los Angeles County the market got up, I think, to \$14,000 or \$15,000, so public convenience and necessity required that we bring that license number up to the legislatively expressed intent of 1 to 1,000. The board announced that it was going to accept applications for such licenses.

The CHAIRMAN. I understand.

Mr. BONELLI. We prescribed a formula which I think I was more responsible for than anyone else. First of all we had these hearings wherein the census figures, the proof of public convenience and of public necessity, the need for doing it was, let us say, judicially or quasi judicially determined; thereafter by resolution the board announced it was going to permit the filing of applications for licenses in both jurisdictions.

Now, that meant, Senator, that 4 or 5 million dollars worth of public patronage was going to be distributed in two counties.

The CHAIRMAN. Yes.

Mr. BONELLI. I have been in public life the same as you have, long enough to know what that would mean. It would mean that every chiseler, every promoter, every con man, every lawyer, every broker, everybody would start out with, "I can get you one; I can get you one."

In order to guard the board and myself against the abuses which would normally be expected to flow from that type of a condition, we did two things: First of all we devised what we were going to require to be signed by every man who wanted to file for one of those applications—

The CHAIRMAN. Can I see that?

Mr. BONELLI. Do you mind if I read four or five of these into the record and then I will file it with you?

The CHAIRMAN. In the beginning didn't the law say something about preference to veterans?

Mr. BONELLI. That is what I am going to get to next; that was the second mistake. Let's say that is the second mistake made in the



record. There is no such provision in the law anywhere. I put that in this questionnaire and insisted upon it.

The CHAIRMAN. I see.

Mr. BONELLI. And contrary to your remark that very few of which were so issued, almost 90 percent of all those licenses were either issued to veterans or the wives of veterans or hotels or corporations that had veterans for their managers. I am a little sensitive about that.

The CHAIRMAN. Yes; I can see that you are.

Mr. BONELLI. I am a veteran myself. I have three sons and they are all in uniform or on the way to it.

The CHAIRMAN. All right, Mr. Bonelli.

Mr. BONELLI. Not very few of which, almost all of which went to veterans.

Now, of this preliminary application form consisting of 14 questions I should like to read about 7.

Explain the source of the capital to be used in the proposed operation.

We wanted to know whether it came from gangsters or did it come from wholesalers or did it violate any relationship or was it dangerous or hot money. We wanted to know all about that. We wanted to exclude that type of individual.

If you have borrowed money from any source to start this business, list the names of persons or firms from whom loans have been made.

Where did they get the money, did they borrow it from bad places, or were they being financed by interests that should not be in the industry.

Detail your business occupation for the past 4 years.

We wanted to know what the fellow had been doing. We wanted to know whether he had been doing things that we didn't want in the business.

What assurance does applicant have as to necessary supplies of distilled spirits for the operation of the proposed business?

Is he going to have to go to the black market, has he got to make deals that are contrary to public welfare and morals? We wanted to know that.

Are you a war veteran? Are any immediate members of your family war veterans?

That should answer your question directly. I put that in there, Senator. It isn't in the law anywhere.

Now, the last question and this one I insisted on over the objections of legal counsel for the board. I insisted on it because not of the Bill Cooks, who is an honorable man and who wouldn't be disloyal to me or anyone, anyone he was doing something for, but for my protection this question is asked:

Have you paid or given or promised to pay or give any money or other things of value to any person or persons in connection with this application for a license?

Now, he swore to his answer to that, and if with that notice and his signature on it proving that he did know what it was, if he was a sucker and paid money to some con man, I am not going to waste any time worrying about him.

The CHAIRMAN. All right, Mr. Bonelli, let's get back to Mr. Cook. How did Mr. Cook get out and find someone like a police officer and offer him something and deliver it for \$525, when its market value was worth somewhere in the neighborhood of \$12,000 or \$14,000?

Mr. BONELLI. Now, Senator, you can't be that misinformed.

The CHAIRMAN. I am just going by the testimony. If I am incorrect about it then we want to get the facts. The testimony was that Mr. Cook came to Captain Guasti and said, "I want you to have one of these new licenses for \$525." At that time the market price, as I remember it, was \$12,000 or \$13,000. You said it was up to \$14,000.

He said, "We will put it in the name of the man who runs the bartender's school." How does he do that?

How did he do that?

Mr. BONELLI. I think just the same as the majority of the members of the California Legislature, importuned by their constituents, when they read we were going to be issuing licenses, would cause almost all of them to write in and recommend this one and that one or the other one. One of them I think recommended 23 different ones for licenses. The same as mayors and district attorneys and sheriffs and congressmen and a United States Senator wrote me letters saying, "Mr. Bonelli," or, "Bill," as the case may be, so and so has called my attention to the fact that new licenses are going to be issued. I would like to have him considered and so forth.

The CHAIRMAN. When Mr. Cook called your attention to a new license for Captain Guasti, what did you do about that?

Mr. BONELLI. Mr. Cook did not call my attention to a new license for Mr. Guasti, Senator. That is what I am trying to get to, Senator.

The CHAIRMAN. I am trying to get you to tell what happened. How did he happen to get one?

Mr. BONELLI. You are insisting on breaking my continuity.

The CHAIRMAN. That is what I am trying to get, more continuity.

Mr. BONELLI. I have given you the form which every applicant for a license has to sign.

The CHAIRMAN. Then I am sorry if I broke your continuity.

Mr. BONELLI. I do not think you are doing it intentionally. It is a complicated subject. I isolated myself from the subject matter as completely as I could. The matter was turned over to the liquor chief for Los Angeles County, who was Merrill Templeton at the time. No one ever got an application blank from me to fill out. I never handled any of the details. When I got letters or telephone calls or recommendations or requests I referred them to the chief's office.

Now, I think Mr. Cook and the newspaper publishers and all my friends in the 5 million people who wanted to see somebody not miss that chance, wanted somebody they thought was entitled to consideration to get in and make an application and have a chance to get one of them—he was doing just what hundreds of others were.

The CHAIRMAN. Was Mr. Cook, at that time, an officer of any kind?

Mr. BONELLI. No, not connected with the board in any way.

The CHAIRMAN. Why would he be going out trying to get some police officer to make an application?

Mr. BONELLI. The same as hundreds of others were.

The CHAIRMAN. Why would it occur to him to go out and search out a police officer?

Mr. BONELLI. Well, it would have occurred to you, Senator, had you been here. I would have had letters from you. They might have been for policemen.

The CHAIRMAN. What was Mr. Cook doing, going out and saying, "Guasti, you ought to have one of these licenses," and arranging it for him and getting one for him? How does he do that?

Mr. BONELLI. He just does it. He has some reason, in his own mind, why the man ought to have one, why some friend of his should get one of them.

The CHAIRMAN. Did you issue quite a number on the recommendation of Mr. Cook?

Mr. BONELLI. None whatsoever.

The CHAIRMAN. Wasn't this license to Guasti issued on his recommendation?

Mr. BONELLI. I wouldn't say that it was.

The CHAIRMAN. You mean you just don't know.

Mr. BONELLI. If it hadn't been approved as to the premise—do you mind if I back track, Senator? I want you to have the balance of the picture.

The CHAIRMAN. All right.

Mr. BONELLI. We developed, and I take responsibility for that questionnaire, which I am proud of, and which I maintain made the biggest piece of patronage that was ever distributed by this board, one of the most honorably done and friendly things that I ever had a part in doing. Now, we wanted to guard ourselves in other ways, Senator. We prepared a formula for the chief in San Diego and the chief in Los Angeles to consider, when they were doing the final weeding out and the recommending to the State liquor administrator, who in turn recommended to the board, a list to be granted.

We had 191 applications formerly, I think, in San Diego for the 52 that were ultimately granted. I think there were around 1,600 requests in Los Angeles County, which we weeded down and resulted in some 640 formal applications, who signed that questionnaire, out of which 452, I think, finally were granted.

So the board, through the State liquor administrator, told the two chiefs in these two counties, "Follow this formula."

At that time the preferred applicants were, first, until they were all taken care of, service type of applicants, patriotic, fraternal, labor, charitable types of applicants; yacht clubs, country clubs, press clubs, and I can go down the list of them until all of them are taken care of. That is the preferred list. Then, secondly, wherever seasonal licenses were asked for, those are the ones less than a year in duration, which have to be renewed, until they are taken care of the formula was no others. Then when those are completed, hotels and bona fide corporations that are of a public service nature. As to disqualification, they were to pay particular attention to avoid proximity to schools, churches, playgrounds, and hospitals.

Next, to pay particular attention to the character of the applicant. We did not want hoodlums or bad characters where it could be avoided.

The CHAIRMAN. I understand.

MR. BONELLI. Then we told both chiefs to follow these three additional considerations. See that geographical considerations—44 cities in Los Angeles—numerous ones in San Diego County, see that they are geographically spread so no one is slighted. See that the racial elements are properly considered, so that the Filipinos and the Chinese and the Negroes and the various ones were not able to say afterward, "Our kind of people, we weren't able to get any."

At all times giving preference to veteran applicants or the wives or the heirs of veterans, Senator; that was the formula they all had to follow.

THE CHAIRMAN. Mr. Cook, Mr. Bonelli, how do you think he took it on himself, did take it on himself, to chase up applicants for licenses?

MR. BONELLI. I don't know how many he did. I wouldn't just pick on him. I would say and a hundred others. They have been active in campaigns.

THE CHAIRMAN. Let's leave out the hundred others. Why would Mr. Cook feel he had the right to go out and represent to somebody he could get him a license and then actually did get him one?

MR. BONELLI. The same as a hundred others. They had worked in my campaigns. They had been friends of mine; they had caused other people to do friendly things and had spent time and efforts in behalf of, let's say, my political successes. It is only natural that a man who is human at all will try to get friends in on a thing that is available.

THE CHAIRMAN. Then you wanted to give preference to Mr. Cook's recommendation because he had been a political friend of yours?

MR. BONELLI. Him and a hundred others. He is no different.

THE CHAIRMAN. Let's leave out the hundred others. By what authority did Mr. Cook feel he could go out and do this?

MR. BONELLI. A friend doesn't need authority. He just goes and does it.

THE CHAIRMAN. Just a minute. A friend just wouldn't take it on himself to go out and start picking out who was going to get the State liquor licenses, would he? Was it because he was a friend and supporter of yours that he felt that he could just go out and pick out a licensee and assure him that it would be issued that way and then it was issued that way?

MR. BONELLI. And a hundred others did the same thing.

THE CHAIRMAN. A hundred others?

MR. BONELLI. Yes; we put out 452 licenses.

THE CHAIRMAN. You mean, actually, that your friends went out and selected and solicited people they wanted to have licenses and you issued them, the licenses to them?

MR. BONELLI. No; you are incorrect.

THE CHAIRMAN. You said Cook and a hundred others.

MR. BONELLI. Went out and encouraged people to apply.

THE CHAIRMAN. They did not need any encouragement to apply because they were getting something worth \$12,000 or \$13,000 for \$525.

MR. BONELLI. Somebody was going to get them.

THE CHAIRMAN. But they did not need any encouragement; they didn't need any encouragement, did they?



Mr. BONELLI. Lots of people don't know what is going on, Senator.

The CHAIRMAN. You think making \$11,500 out of something that people don't know what is going on, on something like that?

Mr. BONELLI. Lots of them. I miss lots of good ones myself, Senator.

The CHAIRMAN. So you think that Cook and maybe a hundred other friends went out and looked up people they thought would be good people to have licenses and you or the board issued them?

Mr. BONELLI. It wasn't that simple. Oh, no; I see what you are driving at now. They would make an application. Maybe their premise wouldn't qualify them and then they were out.

The CHAIRMAN. Of course, Mr. Cook, who was your trusted friend, who was out looking for Captain Guasti, didn't have him make the application. He had another person do it.

Mr. BONELLI. I don't know anything about that; maybe a hundred others did that, too.

The CHAIRMAN. You think a hundred other people had fronts for their applications?

Mr. BONELLI. I think lots of them do.

The CHAIRMAN. These were so scarce and rare; didn't you take a look at them personally, Mr. Bonelli, to see who was going to get them? Did you go over them personally?

Mr. BONELLI. I went over the list after the first screening was done, as I remember it. The chief brought his long list of those who had written in. I said around 1,600 of them; I think it was something like that. Anyway, there was a considerable number of them that were simply ineligible, didn't have a bona fide eating place or didn't have a proper premise or just weren't eligible to be considered. I approved the general recommendations he made in eliminating the majority of those who did not appear to be eligible for consideration.

Thereafter he went about the formal processing, he and the staff and the Sacramento office, the formal processing of the applications, which means they accepted the application fees. They authorized the required statutory posted periods to begin with. They made their investigations and their 220 or 228 reports and lots of them had valid protests to come in, which required them to go to hearings and all that red tape.

The CHAIRMAN. Let's get back to Mr. Cook again. When he brought in this application that was going to Captain Guasti, did you check that over? First, Mr. Bonelli, did you issue applications to police officers on the police force—I mean permits?

Mr. BONELLI. I thought you said they didn't.

The CHAIRMAN. I am asking you whether you did or did not issue them to police officers.

Mr. BONELLI. I don't think they did but I couldn't say they did not. I don't know.

The CHAIRMAN. Do you think it is a matter of good public policy to be giving permits to police officers?

Mr. BONELLI. Frankly, I do not think so; if I were the head of an enforcement agency I do not think that I would want any of my men to have licenses or be in the business; no.

The CHAIRMAN. How do you account for the fact, then, or what was the special relationship with Mr. Cook that would cause him to go out

and just, as a matter of principle, say, "I will get a license for you. Do you want it and we will have it issued in somebody else's name and the board will approve it." How do you account for that?

Mr. BONELLI. I don't account for it; it is just one of those similar things that happen.

The CHAIRMAN. You never had any relationship with Mr. Cook which would give him some special prerogative of that sort?

Mr. BONELLI. Not any more than a lot of other people would enjoy, Senator; no.

The CHAIRMAN. What is the relationship, if there is any?

Mr. BONELLI. With Mr. Cook?

The CHAIRMAN. Yes.

Mr. BONELLI. At that time?

The CHAIRMAN. At any time. Why would he take it on himself to feel that he could go out and more or less speak for you in the tying up of available licenses?

Mr. BONELLI. He wasn't speaking for me; he was speaking for a friend that he was trying to get in under the wire.

The CHAIRMAN. He was sharing his friend, and it turned out that way, that he was correct about it, that he could get him a license. At that time or at any time before, what was there about Mr. Cook that enabled him to deliver a license of that sort?

Mr. BONELLI. Would you like Mr. Cook in your record so it is complete? I will tell you what I know about him.

The CHAIRMAN. All right.

Mr. BONELLI. I met Mr. Cook in 1919 or 1920 in Arizona. Previously he was left guard on the Knute Rockne football team with Knute Rockne. I think for 3 years they played on the same team at Notre Dame. He was enough of an authority that when the Knute Rockne picture was being made, Bill Cook was chosen as one of the technical advisers on the picture. I met him in Arizona. His father was a mine owner and I think Bill was a mining engineer; at least, he was in active operation of mining properties with his father in Chloride, Ariz. I don't know whether he left before I did.

I left in 1922 to come to Los Angeles and I think he went down to San Diego and was foreman for George Dailey or for a contracting outfit, a public improvement contractor, in San Diego County.

Thereafter, in about 1927 or 1928, I was then president of the Los Angeles City Council, and Bill Cook was the public relations man for the Western Asphalt Association, I think it was; I think that was their official name. I don't know but I think he worked with them for a number of years. Thereafter he went to Alaska and I think was there for 2 or 2½ years and he returned, about a year, I think, after I was appointed on this board.

The CHAIRMAN. Excuse me for a moment, Mr. Bonelli, but would you care for a glass of water?

Mr. BONELLI. I haven't had any yet, but I am not in distress at the moment.

The CHAIRMAN. All right, go ahead. You were up to the Western Asphalt Association.

Mr. BONELLI. I had gone by that, Senator. After he left the Western Asphalt Association, I think it was in 1932 or 1933, he went to Alaska for 2 or 2½ years and I think returned about a year after I was appointed to the board of equalization.

He has been a long-time friend. He has been a dependable and a loyal friend to me, as well as to many other people in public offices, as a result, probably, of that Western Asphalt Association experience and contact. He worked on many many campaigns for many many people including three or four of mine.

The CHAIRMAN. As your campaign manager?

Mr. BONELLI. No; I don't think he has ever been in as complete a capacity as that, but everybody that works for you calls themselves a campaign manager.

The CHAIRMAN. If you win; is that right?

Mr. BONELLI. That is right, I guess. Anyway, active association in those campaigns would naturally cause him, as it did others, to say, "I think I can get you one of those licenses. You are entitled to it. You have done a lot of good work. Get your application in. Go hunt yourself up a premise." Lots of them do that. He did no different than many, many others.

The CHAIRMAN. The point is: Was that a policy or a practice that you encouraged?

Mr. BONELLI. No, I don't think you would say that, Senator, had you gone through that period as I did.

The CHAIRMAN. Don't you think it is doing you a little inconvenience or embarrassment? Now, in your questionnaire here it asks whether they are going to do this for someone else, and if so, they must show it.

Mr. BONELLI. That is right.

The CHAIRMAN. In that case it was getting the license in the name of the man who ran the bartender's school but actually it was to be for a police officer.

Mr. BONELLI. I don't know that he knew that it was to be that way. Senator, an assemblyman would do the same thing.

The CHAIRMAN. How do you mean that; I don't understand you.

Mr. BONELLI. A constituent wants a license. They don't know me. They get hold of their assemblyman. They say "Can't you get me one of those?" He writes me. He might say, "My district is entitled to one or two licenses. I want so and so to get it." Maybe the assemblyman occasionally is the one who has the interest in it; I don't know.

The CHAIRMAN. The thing here is, though, he went to the police officer and he wanted him to have it and he got it in somebody else's name and thereby, at least on the face of it, practiced, to say the least, a misrepresentation as to who the true owner was.

Mr. BONELLI. I think that is correct. Unless they ultimately planned to clear it up, which they apparently did, then you would be correct. I don't know.

The CHAIRMAN. That is not in keeping with the spirit of the law to get it in the name of one person, who might be an eligible person, with an understanding that it be transferred to a police officer and his wife?

Mr. BONELLI. He wasn't ineligible under the law, the police officer.

The CHAIRMAN. Would you have approved it in the name of a police officer?

Mr. BONELLI. I think I would, had his superior officer had no objection.

The CHAIRMAN. You did not know, in this case, whether his superior had any objection to that or not?



Mr. BONELLI. I think you can go further than that and say I doubt if I even knew that it was going where it ultimately did.

The CHAIRMAN. On Captain Guasti's application, do you know if Mr. Cook brought it in or what he did with it or how he handled it?

Mr. BONELLI. I had none of those brought to my office.

The CHAIRMAN. There were so few of them to be issued. 52 in San Diego and whatever the number was up here, licenses that were so valuable, but you did not look at them?

Mr. BONELLI. You say "so few."

The CHAIRMAN. 52 in San Diego and 640, or so, in Los Angeles, but they were very valuable and worth about \$12,000 or \$13,000 apiece. Don't you feel you should have gone over those personally?

Mr. BONELLI. No, I do not. I did not want 650 people quoting conversations they had with me. I avoided it, Senator; I purposely did it that way.

The CHAIRMAN. You purposely delegated that duty?

Mr. BONELLI. No, I purposely left the duty where the law puts it to begin with. I didn't usurp the State liquor administrator's function.

The CHAIRMAN. I think I interrupted you in what you were telling us about Mr. Cook.

Mr. BONELLI. Along what line?

The CHAIRMAN. You were going to tell the story of why Mr. Cook would be a person who would be out getting licenses for people.

Mr. BONELLI. I thought we had included that. I said after he returned he was busy in many political campaigns including, I think, three of my own and he knew lots of people. He probably had many approach him and certainly was a good enough of a politician to look up some of the more dependable ones that had been useful in organization work, as did many other people at the same time.

The CHAIRMAN. This Western Asphalt Association, was he a salesman for them or something?

Mr. BONELLI. He was a public-relations man.

The CHAIRMAN. That is his business, is it, public relations?

Mr. BONELLI. I would say that in the last 20 years it has been mainly that, from what I know of him.

The CHAIRMAN. Is he still with the Western Asphalt Association?

Mr. BONELLI. That ended, I am not sure of the year, but I think it was 1931 or 1932.

The CHAIRMAN. What happened then? Has he just been a friend and a political helper since then?

Mr. BONELLI. Yes. He went to Alaska and when he got back from there; yes, that would be right.

The CHAIRMAN. When did he come back from Alaska?

Mr. BONELLI. I can't tell you for sure but I think it was along in 1938.

The CHAIRMAN. After that he helped you with some campaigns or something of that nature?

Mr. BONELLI. Yes.

The CHAIRMAN. Aside from the fact that he had known you for a long time, he was just a political helper like many others, so there wasn't any particular reason why he should be out acting in your name or seeing about licenses or getting licenses for people, was there?



Mr. BONELLI. No reason why he should or should not be, not any more than a hundred others did.

The CHAIRMAN. You had not had any special dealings with him, which would make him feel that he could do that?

Mr. BONELLI. Not any more than a number of others.

The CHAIRMAN. Weren't you in the Hillview Oil Co. with Mr. Cook?

Mr. BONELLI. I think I sunk about, oh, \$4,500 or \$5,000 in it, something like that; in 1942 or 1943.

The CHAIRMAN. The Hillview Oil Co., you were a partner with William J. Cook, V. H. Towne, H. P. Dean, and E. R. Simpson, as the original board of directors of that, weren't you?

Mr. BONELLI. Did you mention Don Thompson?

The CHAIRMAN. And Mr. Thompson.

Mr. BONELLI. Yes.

The CHAIRMAN. That was in 1944, was it?

Mr. BONELLI. It was earlier than that, I think.

The CHAIRMAN. You started a partnership earlier than that?

Mr. BONELLI. I thought it was 1942 or 1943 when we first got our leases, yes.

The CHAIRMAN. So you went into the oil business with Mr. Cook in 1942 or something like that?

Mr. BONELLI. Along with other people, yes.

The CHAIRMAN. Then after the partnership you formed a corporation with him; did you not?

Mr. BONELLI. Along with other people; yes.

The CHAIRMAN. And the original stock that was issued was 100 shares at \$1 per share issued to William Cook, Bass, Helprin, Victor Perry, Morris Epstein, C. E. Birchfield, Douglas Marcel and you had some stock in it, didn't you?

Mr. BONELLI. Senator, I frankly don't remember whether any of it was issued to me. I think on the books some of it was, but I can't be sure about that. I was in the thing for so short a time, after it incorporated, and I think within a year I got discouraged about it and backed out of the thing.

The CHAIRMAN. You mean you sold your stock in it?

Mr. BONELLI. No, my money is still in the thing.

The CHAIRMAN. So you are still a stockholder with Mr. Cook in this oil venture?

Mr. BONELLI. I wouldn't say so. I frankly don't know whether the stock was issued in my name or not. I don't believe it was; at least, I told Thompson and Cook, and the others who wanted to go ahead with it, that I just wanted to drop the thing.

The CHAIRMAN. Was it a losing proposition for you all the way through?

Mr. BONELLI. I haven't gotten \$1 back out of that that I put into it, so to date it is a losing proposition.

The CHAIRMAN. Wasn't there a great, big stock-purchasing program put out in connection with the corporation?

Mr. BONELLI. There never was that I know of.

The CHAIRMAN. And wasn't it widely sold to a good many persons all over California at one time?

Mr. BONELLI. No, Senator, not that I am aware of.

The CHAIRMAN. Well, who is D. A. George?

Mr. BONELLI. You are talking now about stockholders in the company?

The CHAIRMAN. No. I mean was D. A. George with you in the company and was he also on the board of directors?

Mr. BONELLI. Not when I had any active part in it, Senator; no.

The CHAIRMAN. You are still in it but you are not as active as you were; is that right?

Mr. BONELLI. I quit the thing in 1944, I think. At least, when I said that I didn't want to put any more money in it, and didn't want to go any further with it, I made that statement to the other owners. I said, "Count me out. If it ever hits oil or liquidates," I told them, "pay me back my money then." I haven't gotten \$1 of it back by way of dividends or otherwise. I haven't sold any stock. I don't know whether it is worth a dime or not.

The CHAIRMAN. Now, this stock was worth \$1 a share; isn't that the way it was?

Mr. BONELLI. I don't know what it was worth; I don't even remember what the capitalization was.

The CHAIRMAN. Wasn't it 100 shares at \$1 a share? Anyway, did you know, Mr. Bonelli, that there has been a good deal said about the fact that this stock worth \$1 a share, that it sold rather promiscuously around to different bartenders, one share for \$2,000?

Mr. BONELLI. I don't know any such thing and I don't think, Senator, there was any general sale of stock among bartenders or elsewhere. I can state that no such thing happened while I had any active part in that company. I can further state, as a result of any such thing, if that did occur, I enjoyed no part of the proceeds and got none of my money back and never had any kind of a dividend; never had any money as an officer of the company and, frankly, I don't know too much about it.

The CHAIRMAN. This company, in any event, with which you were associated with Mr. Cook, and the \$1 shares, according to our investigation, Mr. Bonelli, W. F. Moffatt, the operator of the Rainbow Room on the Pike, who was tried for murder at one time had paid \$2,000 for one share of that stock, which cost Mr. Cook \$1. Another purchaser was R. A. Mann, operator of bars in Long Beach. Cecil May paid \$1,000 for a half share of stock which cost Mr. Cook 50 cents.

Mr. BONELLI. May I ask a question?

The CHAIRMAN. Yes.

Mr. BONELLI. What is the purpose of going through a condition at a time when I am not an officer of the company; I don't believe I was the owner of a share of that stock then. I was simply one who had lost earlier and had quit. Now you are going into past history.

The CHAIRMAN. It is simply for this reason: It seems, frankly, to just the average person coming in here, that it would be awfully hard to, for these very extensive sales of \$1 a share stock, being sold for \$2,000 to bartenders all over this section of the country, to be going on in a company in which you have had an interest, and without your knowing something about it; that seems quite peculiar, if I may just put it like that. Secondly, if you knew something about it, why would you continue in a situation with Mr. Cook where he could get out and pass licenses to a fellow named Guasti?

Mr. BONELLI. Is that a question?

The CHAIRMAN. Can you answer it?

Mr. BONELLI. I want to state, Senator, that this is intentional vilification on your part.

The CHAIRMAN. All right.

Mr. BONELLI. You are familiar with that record. You know if your investigators have done an honest job. This matter has been gone into by the corporation commission on, at least, two occasions. It has been investigated by the SEC. It has been presented to, at least, two grand juries. It has been investigated and reported on by the Attorney General's office. It has been combed and curried by the Bureau of Internal Revenue for several years and nowhere in any of those agencies has any finger of accusation or suspicion been directed at me, a member of the board of equalization for this fourth district. Nowhere did I get money out of it. I lost along with the earlier investors. Nowhere did I ever approach a bartender, a licensee, or any other living person to sell them stock, to ask them to buy stock or to handle any money if they did buy stock. I had nothing to do with that part of the subject.

The CHAIRMAN. I did not say you did have anything to do about approaching bartenders on that.

Mr. BONELLI. You are inferring maliciously, that I did, when the public agency within our own State, with the proper jurisdiction, which you do not have, have gone into it to the satisfaction of their office or offices. I think you are trespassing on the State of California, Senator.

The CHAIRMAN. If you want to question our jurisdiction, all right, but we can show you our jurisdiction.

Mr. BONELLI. I will continue to answer your question. I just want you to know you don't have a right to go into that.

The CHAIRMAN. The question asked you, Mr. Bonelli, was this: Why, when all this matter came up about him selling stock to these operators, or to these bartenders, and you are quite right it has been batted around a great deal, and I think you are familiar with the fact that it has been brought out and rumored for quite a number of years; this thing started back in 1942, I believe, according to your own statement.

Mr. BONELLI. What was the last year of any stock sales?

The CHAIRMAN. It might have been sometime back after that time, how do you say that after all that happened that you still could allow Mr. Cook, just like any of your other friends, to go out and recommend fellows for bar licenses?

Mr. BONELLI. Was there something wrong about what he did, there?

The CHAIRMAN. Well, how about the thing of his selling \$1 shares for \$2,000?

Mr. BONELLI. I think you are incorrect on that. My information was not that that stock was sold but that various people, and not to a great number of them, from what I had known of it, had made advances to cover leases and too, I don't know, but to go into drilling programs and so forth. I don't know. What is the greater number of stockholders that they ever had, Senator? I don't know myself.

The CHAIRMAN. We have the records here.

Mr. BONELLI. Did they have 20 or 25?



The CHAIRMAN. We have quite a number of bartenders who paid at the rate of \$2,000 a share for \$1-a-share stock.

Mr. BONELLI. You mean who loaned that amount to the company.

The CHAIRMAN. It showed that they bought stock.

Mr. BONELLI. Well, I wasn't there.

The CHAIRMAN. The question earlier, when you were testifying, Mr. Bonelli, was, and you said it was quite all right for Mr. Cook or any other friend to go out and find a friend who he wanted to have a license and that there was a certain amount of patronage to be passed out. I just couldn't understand how, in view of what had come out about them selling stock in this company that you were in, and something, maybe not illegal, but it doesn't look very good, selling a \$1 share of stock for \$2,000. I don't understand how you would still let him have something to do with issuing licenses.

Mr. BONELLI. May I ask a question?

The CHAIRMAN. Will you answer mine? You answer my question and then I will answer yours.

Mr. BONELLI. I don't see anything wrong that the man did in connection with the licenses.

The CHAIRMAN. How about when you put both of these deals together?

Mr. BONELLI. That is what I want to do for you, Senator. I don't know, maybe I am trapping myself, but were any of those supposed loaners or lenders or stockholders or whatever they were, were any of them given new licenses?

The CHAIRMAN. Well, I suppose the matter of renewal or revocation of licenses is also in the jurisdiction of your department, isn't that correct?

Mr. BONELLI. What is that?

The CHAIRMAN. The matter of revocation of licenses, isn't that within your jurisdiction on that board?

Mr. BONELLI. Subject to review by the courts, yes. Now, Senator, you asked me a question. You said these two went together. Is there any evidence anywhere that any of these people connected with the Hillview Oil Co. were ever solicited or offered one of those new licenses?

The CHAIRMAN. They already had their licenses, apparently.

Mr. BONELLI. You said "bartenders." They don't have licenses.

The CHAIRMAN. I mean the operators of the bars. Anyway, whoever had the licenses, Mr. Bonelli.

Mr. BONELLI. They might have had another one some place else.

The CHAIRMAN. Apparently, the unusual thing about the corporation that you are in with Mr. Cook is the people who were sold stock at this high price all happened to be or most of them happened to be people who held licenses issued by the board of equalization. Why didn't he go out and sell licenses to other types of persons or, rather, stock to other types of people?

Mr. BONELLI. Maybe he did; I don't know. I wasn't there, Senator.

The CHAIRMAN. You were in the corporation.

Mr. BONELLI. Not at that time I wasn't.

The CHAIRMAN. Well, I think you have some stock in it.

Mr. BONELLI. I don't believe you are correct.

The CHAIRMAN. You said you had not gotten your money back.



Mr. BONELLI. No; I haven't yet but I consider it simply as gone money and if they ever make good I will take what I have advanced and be satisfied. How many stockholders were there, Senator? We were interrupted. I asked you that before.

The CHAIRMAN. Well, it is your company; you ought to know.

Mr. BONELLI. That is a falsehood. It is not my company, and I should not know.

The CHAIRMAN. Here is Bonnie Price, who bought a share of stock for \$2,000, who has the Hillside Cafe in Signal Hill.

Mr. BONELLI. Never heard of the person.

The CHAIRMAN. Here is Arthur V. Morgan, the operator of the Bank Shelter on Lakewood Boulevard, one share of stock for \$2,000.

Mr. BONELLI. Is there any evidence that I have ever talked to any of those people?

The CHAIRMAN. I did not say you had. There wasn't any evidence, but the thing is that this is a company that you had some interest in or that you lost money in.

Mr. BONELLI. Two years before.

The CHAIRMAN. But the question is: Why would you have anything at all to do with a company that is selling stock, a \$1 share of stock for \$2,000 to bar operators over whom you had some supervision?

Mr. BONELLI. You are intentionally injecting canards into this record.

The CHAIRMAN. I am just asking a question.

Mr. BONELLI. I was not connected with the company, as you well know. I had nothing to do with any of those transactions and haven't had since.

The CHAIRMAN. If the board of directors' meeting, of the first board, don't show that you were in the company, a meeting of August 16, 1944, that you were in the company of the Hillview Co., then I will admit I am completely wrong about the whole matter. You were in it then and you say you put \$5,000 into it.

Mr. BONELLI. How long was I in it?

The CHAIRMAN. As far as the record shows you are still in it.

Mr. BONELLI. That is not correct.

The CHAIRMAN. You have not sold out?

Mr. BONELLI. I don't think I was ever issued any stock, Senator.

The CHAIRMAN. Have you ever assigned or sold your stock?

Mr. BONELLI. I don't think I have ever had a certificate of stock. I don't ever recall having one delivered to me; no stock made out in my name.

The CHAIRMAN. Let's put it this way; let's say that you used to have an interest in that company.

Mr. BONELLI. A company that I loaned money to and lost.

The CHAIRMAN. If you were on the board of directors—you don't get to be a member of the board when you just loan money to it. Did it ever come to your attention that these people were around selling holders of licenses, over which you had the life-death control, almost, something for \$2,000 that had a face value of \$1, and which you say has been a losing venture all the way through? Did that ever come to your attention?

Mr. BONELLI. It came to my attention when some investigations were made of the subject matter.

The CHAIRMAN. When was that?

Mr. BONELLI. I can't remember the year but it wasn't very far from that time. Whatever the time was when those loans were being made and so on.

The CHAIRMAN. 1944 or 1945, along about that time?

Mr. BONELLI. If that is the right time, yes.

The CHAIRMAN. Didn't this fellow Guasti, didn't his license come after that?

Mr. BONELLI. Guasti is not connected with the Hillview Oil Co.

The CHAIRMAN. Didn't you say it was all right for Mr. Cook to go out and recommend some of his friends for licenses; somebody like Mr. Guasti?

Mr. BONELLI. I would say so.

The CHAIRMAN. You wouldn't feel that this sort of action would preclude him from making recommendations for the issuance of a license?

Mr. BONELLI. I refuse to concur with you, Senator, that there is evil where evil does not exist and where the investigation of appropriate agencies, in the city, county, and State of California have made thorough investigations and have found no evil. I refuse to join with you in accusations of evil.

The CHAIRMAN. I am not talking about what they may have found. You wouldn't agree that it would be morally right to sell a dollar share of stock for \$2,000, would you?

Mr. BONELLI. I don't think it was ever done.

The CHAIRMAN. Don't you know the records show that that was done?

Mr. BONELLI. I do not know that; I have never bothered looking that up. It is no concern of mine.

The CHAIRMAN. It has come out in reports and investigations.

Mr. BONELLI. I have never seen the records.

The CHAIRMAN. Assuming the records do show that Mr. Cook was in this company, which you had some remote interest in—

Mr. BONELLI. That I lost money in.

The CHAIRMAN. Which you lost money in?

Mr. BONELLI. Yes.

The CHAIRMAN. Assume that the records show that he was out selling stock for \$2,000 and for \$1,000 a share, \$1 a share of stock, to holders of licenses—

Mr. BONELLI. The evidence is contrary to your statement, Senator.

The CHAIRMAN. It isn't contrary because I think that is well known.

Mr. BONELLI. I think the evidence was, as I originally heard it, that they made loans to the company for purposes of covering leases and drilling, and so on.

The CHAIRMAN. Well, one is about as bad as the other, going around getting loans from holders of licenses and the other, selling the stock for that exorbitant amount. I don't see a great deal of distinction there. In any event, they picked on a certain class of persons to get their loans from or sell the stock to or whatever it was. After that was brought out, then, don't you think it would be a bad policy and inconsistent with your management of your office to let him be one of the dispensers of licenses?

Mr. BONELLI. He was not a dispenser of licenses and I refuse to read evil into a nonevil situation, Senator. I can't concur with you in slandering myself or anyone else.

The CHAIRMAN. No one is trying to slander you; we are just trying to get the facts, Mr. Bonelli.

Mr. BONELLI. May I suggest if you didn't tell me how many stockholders there were that you tell me now? How many were there, do you know?

The CHAIRMAN. Well, as I remember, there were 28 who also had something to do with liquor operations.

Mr. BONELLI. Was the total number 28?

The CHAIRMAN. Well, I can get that for you. As I remember it there were about 28.

Mr. BONELLI. The point I want to make is that if there were 28 in there, and I don't know how many there were or if others were in liquor or not, but just think of this and try to be fair, Senator: I never solicited one of them, never authorized a solicitation of one of them. Frankly, I didn't know about it until after it came to my attention through an official channel, and even at that, 28 out of a total of 19,325 licenses in my district isn't any very great indictment of the way I run my office. I had nothing to do with it.

The CHAIRMAN. The principle is the matter that is involved.

Mr. BONELLI. Well, as far as the principle goes, I would rather that it did not happen, I would be honest with you, Senator.

The CHAIRMAN. If you are still in this company, if they put the money into this company, if the money that was obtained went to the company that would be for the benefit of the company. Then it would be also to your benefit, wouldn't it?

Mr. BONELLI. Not if I don't get my money out of it.

The CHAIRMAN. I understand that Mr. Cook was selling his own stock.

Mr. BONELLI. Now, Senator, I don't think Mr. Cook took out a dollar in salary; at least he didn't that I know of. I think he has lost on anything that he had in there; nobody has made anything out of it.

The CHAIRMAN. Did you charge off your investment in this oil company?

Mr. BONELLI. I did not. Do you want to know where the money came from?

The CHAIRMAN. What money?

Mr. BONELLI. That I put in.

The CHAIRMAN. No; you said it was a losing investment. You put in \$5,000.

Mr. BONELLI. I have not charged it off.

The CHAIRMAN. If it wasn't any good, why didn't you charge it off?

Mr. BONELLI. I don't know if it isn't any good or not. They have been in production. I think they have three wells that are producing, but not to the point where I have ever gotten any dividends from it. I sold some property in Arizona, a ranch, in 1942. I got the money out of it in, about, 1943, I should say. I sold one ranch for \$17,500. I sold another ranch, acreage, for approximately \$54,000, so I had about \$72,000 of money in my capital account and it was from those funds that that money was lost. I thought you might like to know that I didn't get that \$5,000 surreptitiously from some other group of licenses.



The CHAIRMAN. Thank you for that information, Mr. Bonelli, about your having \$74,000 or whatever it was. Now, I want to get this straightened out, one way or the other. You said that at one time it was a company you used to own some stock in but you didn't have anything to do with it now. You spoke as if it just about passed out of existence. Now, you say you haven't charged it off; that they are producing some oil and it might be worth something.

Mr. BONELLI. I never said the company was out of existence.

The CHAIRMAN. You spoke as if it was a company you lost some money in.

Mr. BONELLI. I consider the money lost, yes.

The CHAIRMAN. That you used to be a stockholder but you are not now?

Mr. BONELLI. I don't think I ever was a stockholder of record, Senator. I don't know for sure.

The CHAIRMAN. You put your \$5,000 into it but you haven't charged it off and you do expect to get something back?

Mr. BONELLI. I said I considered it lost, but I can't prove it. If I went to the Bureau of Internal Revenue with that written off as a loss, I doubt from experience, from the experience that I have had with them, that they would allow it.

The CHAIRMAN. So you think the company still does have some value?

Mr. BONELLI. It has some production now, Senator.

The CHAIRMAN. Do you want to ask some questions?

Mr. RICE. Were you ever arrested in Arizona?

Mr. BONELLI. Not that I can recall.

Mr. RICE. Your memory has been pretty good. Think about it a little more. Were you ever arrested in Arizona?

Mr. BONELLI. Not that I recall, unless it was a traffic instance that I don't recall.

Mr. RICE. Have you ever been arrested?

Mr. BONELLI. Oh, yes. Now, do you want to go into that record?

Mr. RICE. Let's talk about Arizona. Have you ever been arrested in Arizona?

Mr. BONELLI. Not that I can recall.

Mr. RICE. Your memory has been pretty good here. You mentioned some things happening back as far as 1891, I believe. Were you ever arrested in Arizona?

Mr. BONELLI. If you have any record of my having been I will be glad to correct it.

Mr. RICE. Anything that we show you you will verify?

Mr. BONELLI. Not necessarily; I won't promise to verify everything you present me with.

Mr. RICE. Have you ever been arrested?

Mr. BONELLI. Yes.

Mr. RICE. When and where?

Mr. BONELLI. I can't tell you the month but it was in 1939. I am speaking now of other than traffic violations.

Mr. RICE. Yes. What was that for?

Mr. BONELLI. For the greatest political conspiracy that was ever concocted by a corrupt district attorney's office in Los Angeles County.

Mr. RICE. What was the crime with which you were charged?



Mr. BONELLI. Grand theft, solicitation of a bribe, bribery; I don't know but maybe there were other charges.

Mr. RICE. When and where were you arrested?

Mr. BONELLI. I can't tell you what month it was.

Mr. RICE. Where was it?

Mr. BONELLI. Here in Los Angeles.

Mr. RICE. In Los Angeles?

Mr. BONELLI. That is my recollection; yes.

The CHAIRMAN. Was that 1939?

Mr. BONELLI. I think it was.

The CHAIRMAN. Wasn't that 1937?

Mr. BONELLI. No; I wasn't on the board in 1937.

Mr. RICE. It was after you were on the board?

Mr. BONELLI. Sure.

Mr. RICE. All right, sir. At that time did you testify before a grand jury?

Mr. BONELLI. Yes, sir.

Mr. RICE. Do you recall your testimony?

Mr. BONELLI. Of course, I don't. It has been 11 years ago and I haven't seen a page of the testimony. Refresh my memory, if I remember it I will help you out on that.

Mr. RICE. Were you present today during the reading of portions of the Philbrick report?

Mr. BONELLI. Today?

Mr. RICE. Yes.

Mr. BONELLI. Yes, I was.

Mr. RICE. Do you know an Arthur Samish?

Mr. BONELLI. Are you still on my arrest business?

Mr. RICE. Do you know an Arthur Samish?

Mr. BONELLI. I don't think it is safe to swear that I know him. I know who you mean. I don't think any living person knows Arthur Samish.

Mr. RICE. Do you want to qualify whether you know him or not?

Mr. BONELLI. I know who you mean.

Mr. RICE. Have you spoken with him on occasions?

Mr. BONELLI. Many, many, yes.

Mr. RICE. You know what you know about him; is that right?

Mr. BONELLI. But not for sure.

Mr. RICE. You are not sure what you know about him?

Mr. BONELLI. No.

The CHAIRMAN. You mean that you may know one thing today and another thing tomorrow about him?

Mr. BONELLI. He is a secretive sort of a man. He doesn't confide in anyone; he doesn't confide in everybody. I don't know what all his thoughts or all his interests are.

Mr. RICE. Are you a secretive sort of man?

Mr. BONELLI. Do you think so?

Mr. RICE. I asked you.

Mr. BONELLI. I don't think so; I will bank on your judgment.

Mr. RICE. You said you didn't know about yourself a while ago, I think. Now, I asked you what you know about him.

Mr. BONELLI. About Samish?

Mr. RICE. Yes.

Mr. BONELLI. You are getting sort of involved.

Mr. RICE. That is right.

Mr. BONELLI. I don't know.

Mr. RICE. Referring to your testimony before the grand jury did you ever say, "I don't want to be a party to Mr. Samish's corrupt practices"?

Mr. BONELLI. I would think that that was a correct statement.

Mr. RICE. What did you mean by that?

Mr. BONELLI. You are familiar with the background, are you or do you want me to go into it rather thoroughly?

The CHAIRMAN. We know some of the background.

Mr. RICE. What did you mean by, "I don't want to be a party to Mr. Samish's corrupt practices"?

Mr. BONELLI. I think at that time I was referring, probably, to the type of thing that was read into the record today, in the Philbrick report, which was rather currently fresh in people's minds at the time.

Mr. RICE. What were some of those corrupt practices?

The CHAIRMAN. That you knew about.

Mr. BONELLI. Do you want me to reiterate the record that was read today?

Mr. RICE. If you like.

Mr. BONELLI. That is the sort of thing it refers to. May I amplify the statement before I start?

Mr. RICE. Go ahead.

Mr. BONELLI. At that time I had reason to believe that the first money which had been provided for the build-up of the conspiracy to indict me and some other people came from sources that Mr. Samish had control over. I was advised that \$30,000 had been advanced by one of his clients for the purpose of financing the perjury and the subordination of perjury and the vacationing of witnesses and so on. In addition to that I was familiar with the Philbrick report, I think I probably was referring to the general conditions that, in the public's mind, were thought at that time to surround, at least, some of his activities.

Mr. RICE. Did you say?—

He is playing a racket game for a few racketeers in southern California to the detriment of the whole liquor industry. He is running a shake-down system whereby if you don't belong to certain organizations in paying him tribute you can't stay in business.

Mr. BONELLI. I have an idea I was referring to the—I don't remember if they call it the Southern California Wholesalers Association—but anyway, one of the associations which was known to be guided by him. I have an idea that is what I was referring to.

Mr. RICE. How did he operate this shake-down system that you are talking about?

Mr. BONELLI. I am not too well informed on it.

Mr. RICE. We are less informed than you are. You were talking about it here.

Mr. BONELLI. I don't know that I will agree with you on that.

Mr. RICE. What did you mean? You say here that he was running a shake-down system. What did you mean by that?

Mr. BONELLI. By that I suppose I meant—

Mr. RICE. Let's not suppose; what did you mean?

Mr. BONELLI. I have to suppose. I don't know what was in my mind at the time. I don't know what is before and after that in the transcript but he did have two or three organizaions; I said he did have, but I shouldn't say that. There were two or three main organizations of those in the liquor business. He was currently, as the Philbrick report indicated, supposed to be the guide or the dominant factor in them. If people in the wholesale phase of the industry did not belong to the wholesalers organization it was thought by many of them, those on the outside got hit with things they shouldn't have and just had troubles they did not deserve.

Mr. RICE. Did all your information come from the Philbrick report?

Mr. BONELLI. At that time, no; discussions with people in the industry. I am on the board or was on the board at that time and had been for about a year, a little over a year. We have discussed the situation with different people in the industry.

Mr. RICE. What did the licensees tell you, sir?

Mr. BONELLI. They must have told me of things that led me to conclusions that I stated there.

Mr. RICE. For instance?

Mr. BONELLI. I couldn't tell you; I can't tell you.

Mr. RICE. Give us an example.

Mr. BONELLI. Well, you state a hypothetical question first.

Mr. RICE. I am asking you.

Mr. BONELLI. I can't and I do not want to do a lot of guessing. Next you will want to know which wholesaler and then I will be guessing and you will ask me what did he say and I will be guessing again. I don't want to play house; I want to stay with the facts.

Mr. RICE. You testified he was running a shake-down system.

Mr. BONELLI. Just what I told you. I told you there were certain organizations, that people in a certain phase of the industry commonly thought they had to belong to or pay dues to or they would have troubles.

Mr. RICE. How was he shaking them down?

Mr. BONELLI. If they were paying dues to an organization, which he had the use of the funds of for political campaigns and so on, some of them would feel like they were being shaken down.

Mr. RICE. What did you mean when you said he was running a shake-down? What pressure did he put on the members of the organization to make them pay tribute?

Mr. BONELLI. I couldn't go into detail and avoid guessing.

Mr. RICE. You said "If you don't belong to certain organizations paying tribute you can't stay in business." Could he put them out of business?

Mr. BONELLI. I don't know if at that time he could control them or keep them from getting brands that they had to use in their business. There are lots of ways they exert pressure in that industry, you know.

Mr. RICE. Is it possible to exert pressure on the Board of Equalization?

Mr. BONELLI. Is it possible?

Mr. RICE. Yes.

Mr. BONELLI. It is possible; it is tried by everybody at some time or other, it seems like.

Mr. RICE. Is that what he was doing?

Mr. BONELLI. Well, he wasn't on me because he and I weren't in any agreement on things generally. I would hesitate to say that he was successfully or continuously on the other board members.

Mr. RICE. Now, you made this statement under oath:

He is running a shake-down system whereby if you don't belong to certain organizations in paying tribute you can't stay in business.

You are referring there to the liquor business, are you?

Mr. BONELLI. Yes.

Mr. RICE. And the licensees receive their licenses from the Board of Equalization; is that right?

Mr. BONELLI. Yes.

Mr. RICE. Now, how is he going to stop them from staying in business?

Mr. BONELLI. There are other ways of going out of business besides losing your license. If you lost the lines or brands of merchandise to satisfy your customers that would be another way.

Mr. RICE. You say that he was able to control the distribution of their products.

Mr. BONELLI. I would say that there could be lines and commodities that he could do that with.

Mr. RICE. What did you mean when you said this, "That they couldn't stay in business"? What did you mean exactly by that?

Mr. BONELLI. Exactly what I told you.

Mr. RICE. That he was controlling the products or the Board of Equalization?

Mr. BONELLI. I don't think that I had in mind a control over the Board of Equalization because he didn't have.

Mr. RICE. How would he control the product?

Mr. BONELLI. That would depend on your relationship with distillers and distributors and the top sources of supply.

Mr. RICE. What hold did he have over the distributors in the top-strata source of supply?

Mr. BONELLI. I wouldn't know which ones or what hold but at various times various people have had such controls over certain lines.

Mr. RICE. Is he one of them?

Mr. BONELLI. He is one that I think has had his share of those.

Mr. RICE. So is it fair to say he is the man that had control over certain lines of distribution to the point that he could force a licensee out of business?

Mr. BONELLI. At that time, my guess would be that that could have been so. He had that degree of control, yes. I couldn't tell you what ones or anything; too much time has elapsed since then.

Mr. RICE. Did you consider that a racket game?

Mr. BONELLI. I think I felt safe in referring to it that way under oath.

Mr. RICE. Did you ever know a man by the name of Joskowitz?

Mr. BONELLI. I met him at the time of the trial; I think the evidence shows that.

Mr. RICE. What was his first name?

Mr. BONELLI. I don't know.

Mr. RICE. Was it Max?



Mr. BONELLI. It seems to me it was.

Mr. RICE. What was your acquaintanceship with Joskowitz?

Mr. BONELLI. I think that was developed in the testimony. I think he testified he never met me in his life except on one occasion, on an election night headquarters' party that he was present at with some 200 other people.

Mr. RICE. What did he testify that he did? You have just told us what he didn't do.

Mr. BONELLI. Do you want to go into all of that?

Mr. RICE. Sure.

Mr. BONELLI. He testified that he had a shake-down circuit or list of addresses that elicited various sums— I don't think they were all uniform.

Mr. RICE. Was he a collector from "B" places that had "B" girls and bars?

Mr. BONELLI. Yes; Main Street and downtown area.

Mr. RICE. This downtown area?

Mr. BONELLI. Yes.

Mr. RICE. He was shaking down the operators, the proprietors of the places, was he not, and making collections of so much per week?

Mr. BONELLI. Yes.

Mr. RICE. What did he say became of the money that he collected?

Mr. BONELLI. At what time?

Mr. RICE. During the time he was collecting these payments.

Mr. BONELLI. You are asking me about something that happened 11 years ago and that took 90 days of trial. Now, I was completely exonerated and vindicated after that. I think you are really doing a very low thing. I will try and see it through with you, though.

Mr. RICE. We will try to bear with you, too.

Mr. BONELLI. If you feel the same way as I do then it is a mutual feeling. Frankly, I don't remember what he did. I will answer your questions the best I can.

Mr. RICE. Well, just take your time and see if you can't help us.

Mr. BONELLI. I am going to ask permission to read the judgment of the court as affecting William G. Bonelli, and have it in the record. Will I be permitted that?

Mr. RICE. Didn't Joskowitz testify he collected in excess of \$10,000 in weekly payments during the first half of 1939 for Bonelli?

Mr. BONELLI. I do not recall. My memory would say it was a \$7,500 figure.

Mr. RICE. It was collections that amounted to \$7,500 rather than \$10,000?

Mr. BONELLI. That would be my guess of what that testimony was, yes.

The CHAIRMAN. Were there others along with him who had or gave similar testimony or was he alone in his testimony?

Mr. BONELLI. I think they had 23 or 26 witnesses.

The CHAIRMAN. There were quite a number of witnesses and it lasted 6 weeks.

Mr. BONELLI. It was longer than that. I think there were 23 or more witnesses.

Mr. RICE. Do you claim that some of them were intimidated?

Mr. BONELLI. I would say yes, that that was the claim.

Mr. RICE. Do you know William L. Robertson?

The CHAIRMAN. Before we go on to anything else, do you want to read a part of this into record or do you want to make the whole thing an exhibit?

Mr. BONELLI. I would rather read this in at the conclusion of his questioning.

Mr. RICE. Go right ahead.

Mr. BONELLI. When you are done with that case then I will read it in.

Mr. RICE. Let's do it now.

Mr. BONELLI. That isn't the way the thing was handled. The judge read this when all the perjury was already before him. I don't want to read the findings and then have you go back about 22 more witnesses who perjured themselves.

Mr. RICE. Well, read it any time you care to. Now, sir, do you know William L. Robertson?

Mr. BONELLI. The ex-Los Angeles policeman?

Mr. RICE. Yes.

Mr. BONELLI. Yes.

Mr. RICE. What is he doing now?

Mr. BONELLI. I couldn't tell you.

Mr. RICE. Did he ever operate the Seal Beach Airport Club?

Mr. BONELLI. I haven't seen him, that I know of, for three or four years.

Mr. RICE. Did you ever transact any business with him?

Mr. BONELLI. Yes.

Mr. RICE. What type of business was that?

Mr. BONELLI. Mainly in connection with politics, political campaigns.

Mr. RICE. Politics and political campaigns.

Mr. BONELLI. Yes.

Mr. RICE. What type of business is that?

Mr. BONELLI. Politics?

Mr. RICE. Yes.

Mr. BONELLI. Well, that is just what you are doing.

Mr. RICE. What is he doing?

Mr. BONELLI. At the time I first met him I think I was at Occidental College and I am not sure but I think he was over at the Highland Park Division of the Los Angeles Police Department. I am not positive about that but I think I met him about that time, first. At the time I was appointed on this board, Robertson was the hotel detective or the detective of the Los Angeles Police Department in charge of the hotel detail. Is that what you are referring to?

Mr. RICE. Did you ever loan him any money?

Mr. BONELLI. Did I loan him any money?

Mr. RICE. Yes.

Mr. BONELLI. I don't recall.

Mr. RICE. Did he ever loan you any money?

Mr. BONELLI. Are you familiar with all that record, the litigation, and the grand jury hearings and so on? Do you want me to clear that up?

The CHAIRMAN. The point is that Mr. Robertson testified and the record shows that he loaned you \$12,000 or something like that, or

\$13,000, and he charged it off because he said he couldn't collect it and you wouldn't pay him. At that time he was operating some tavern or had a license, I believe.

Mr. BONELLI. That he had at the time?

The CHAIRMAN. Anyway, he was connected with some operation over at Seal Beach.

Mr. BONELLI. I will make this as brief as I can. This is all from the official records again.

Mr. RICE. Why don't you tell us what happened in connection with him charging off \$12,000 or \$13,000 as an uncollectible debt from you?

Mr. BONELLI. I don't know anything about what he did.

Mr. RICE. Did he loan you some money?

Mr. BONELLI. As briefly as I can put it, it was about like this: In 1938 I was appointed to the board and had rather immediately afterward run for reelection. The primaries were to be in August. I think along in May or June, Robertson contacted me or some hotel people did and said he was available, that he was available and he could coordinate their activities and they wanted him to help with my campaign. I met with him and other parties. I judge it was around June. At that time he made some commitments about what he thought could be raised in the way of campaign contributions from certain business groups. I think he either had collected and advanced at the time or advanced for campaign purposes \$500 or \$1,000; I can't remember which. Now, at that discussion, at the time this took place, we had a discussion about tying my campaign in with the campaigns of the majority of the assembly candidates in this county. I am not sure but I think it was a couple of dozen of them that we talked about. We agreed that we would tie in headquarters and literature and the printing and join up with as many of them as were willing to run on a unified ticket. Remember, we ran on both tickets. I think the general understanding was that he would produce something like \$7,500 or thought he could, which amount was to be used primarily on his joint campaign set-up.

I think that \$500 or \$1,000 was advanced at that meeting. I think the next \$3,000 of it or something like that came in reasonably soon afterward. If my memory is right, the remaining part of that, another \$2,500 or \$3,000 came in and didn't get in until after the primaries, September or something like that. This is in 1938 now.

The CHAIRMAN. What happened then?

Mr. BONELLI. We had various transactions after that. I think I borrowed \$1,000 from him one time in the middle of the summer and then paid back two \$500 items when I sold some cattle from the Arizona ranch. If I recall correctly that \$1,000 was the only loan item from him to me.

I think it was paid back in two amounts of \$500 each. Subsequently there was a \$2,500 contribution in the campaign, the district attorney's campaign in 1942. I think the aggregate of those things as he computed them was around \$13,400 or \$13,600. I will make it short, gentlemen, and then you can look at these documents while I am talking, if you want to.

The CHAIRMAN. I will look at these, yes.

Mr. BONELLI. Fine. So my campaign for reelection to the State board of equalization—I think this is 1942 we are talking about

now—about 3 weeks before that campaign or before the primary election day, I received from Robertson a four- or five-page letter reciting a long series of events, financial transactions, some comments scurrilous in content, so scurrilous in content that the judge in later litigation ordered it stricken from the record. To me it appeared to be a shake-down or an attempt at blackmail. I refused to do anything about it. Whereupon about 10 days before election the entire thing was printed in the public press. It was patently an effort to cause me embarrassment and my defeat in the primaries. It was unsuccessful and so that issue had been tried by public opinion and I was elected at the primaries on both tickets, anyway. Thereafter he brought suit against me for the full amount. I am referring now to what the Senator is looking at.

The bottom yellow sheet is a superior court action. That action was tried—I am going too fast—I was called prior to the trial of that action under CCP 2055. My deposition was taken. Then we went to trial and I think Judge Beardsley was the judge who tried the case. I have forgotten, but it was about a 2- or 3-day trial, at the end of which, facts and findings were made and his findings of facts and conclusion of law are there in that document. He was entirely wrong and I was entirely right. Thereafter he appealed to the district court.

I have the copy of the opinion of the district court there where again I was upheld without exception. I think he asked for a rehearing in the supreme court after that and it was denied. I don't think he ever got that additional hearing. So meanwhile he goes before the Los Angeles grand jury, and I think that was after he lost the civil case in court, he goes before the Los Angeles grand jury and tries to get me indicted for not reporting those funds in a campaign; for failure to report those funds in a sworn campaign expenditure report.

The CHAIRMAN. I think we will take a short recess at this time.

(A short recess was taken.)

The CHAIRMAN. The committee will come to order. Now, this document that Mr. Bonelli has handed me, reads as follows:

In an action for an accounting, the exclusion of plaintiff's testimony as to his reasons for not taking promissory notes for loans and as to a conversation concerning a purported loan was harmless, where he later testified to the same matters.

In any event, you won the litigation that Mr. Robertson brought against you?

Mr. BONELLI. Together with costs allowed, yes.

The CHAIRMAN. Can you imagine how the Internal Revenue Department ever let him charge this \$13,000 off, this bad loan made to you?

Mr. BONELLI. I didn't know about that. I don't think they ever contacted me about the subject.

The CHAIRMAN. They must have had all of the records of the litigation.

Mr. BONELLI. I don't doubt that.

The CHAIRMAN. That was in 1942 that he charged off \$13,640. Go ahead, Mr. Rice.

Mr. RICE. Sometime back you said you didn't want any hoodlums to have any licenses; is that correct?



Mr. BONELLI. We tried to avoid it in the granting of those new ones in both Los Angeles and in San Diego County, I said, yes.

Mr. RICE. You say you tried to avoid it. How do you do that? Don't you have a fingerprint record when they apply?

Mr. BONELLI. We do now, yes. That was done in this district, in 1936, before I was on the board and we have continued doing that so all applications for licenses or for the transfer of a license are fingerprinted.

Mr. RICE. You say they did it in 1946?

Mr. BONELLI. Ray Edgar began it. He was my predecessor. He began it in this district and within 3 or 4 years thereafter it was spread into the other districts.

Mr. RICE. And you have been doing it ever since, since 1936?

Mr. BONELLI. That is right; I think it was 1936. It was right along in there. It was before I was on the board before the practice was begun.

Mr. RICE. I see here where Jasper Matranga, who has an extensive criminal record stemming back from the old days in Chicago, and who is a witness that the committee is looking for and who is missing, operated the Monte Vista Cafe and bought a liquor store in Ontario from a man named Nungesser and took the license out in Mr. Matranga's name.

Mr. BONELLI. Mr. Rice, are you through with my trial? You promised to let me read the judge's findings when you were through.

The CHAIRMAN. Whenever you are ready to read it you may read it.

Mr. BONELLI. He is on a totally different subject.

The CHAIRMAN. I think he is asking you about the trial so you read any part of the record that you want to.

How long will it take to read this, Mr. Bonelli?

Mr. BONELLI. Not as long as the improper presentation has taken in this hearing.

The CHAIRMAN. We want to give you all the time you want.

Mr. BONELLI. I have stayed with you while you did your accusing, Senator. I am entitled to have the facts before this committee.

The CHAIRMAN. Mr. Bonelli, nobody is trying to prevent you from going into the facts. We want to give you all the time you want. We will stay here as long as you want. I was merely asking you how long it would take you to read that.

Mr. BONELLI. Maybe 7 or 8 minutes, I guess.

The CHAIRMAN. Read it, then. I wonder if you could read the pertinent parts of it. It seems to be about 10 or 15 pages long.

Mr. BONELLI. If the Senator will stipulate, if I do make omissions, in the interest of brevity, I will not be accused of leaving out those things that would constitute an indictment?

The CHAIRMAN. We will not try to accuse you of anything. We can make the whole thing an exhibit and you can read what part you want to.

Mr. BONELLI. I will file it with you and ask to have it marked.

The CHAIRMAN. It will be marked as exhibit No. 39. You can read whatever parts you want and the whole thing will be in the record. (Exhibit No. 39 is as follows:)

[Reporters' transcript]

HON. WILLIAM J. PALMER, JUDGE, DEPARTMENT 4, SUPERIOR COURT No. 79,024

Defendant Bonelli became a member of the State board of equalization on April 4, 1938. For representation on that board, the State is divided into four districts, one board member from each. Mr. Bonelli represents the fourth and largest district. (Transcript, vol. 9, pp. 393, 394.) A bit of background, as brought out in the evidence, may appropriately be stated. Thirty percent of all licenses issued by the board under the Alcoholic Beverage Control Act are issued to persons and firms in his district. Enforcement of that act, under Bonelli's administration, has been more rigid than in most parts of the State. This is the testimony of George M. Stout, State liquor administrator. (Transcript, vol. 14, pp. 676, 677.) Denials of applications for licenses have been much higher in his district than in any other district. Although his district contains 30 percent of the licence holders, 44 percent of the denials have been of applications from his district; 47 percent of the suspensions ordered for the whole State have been ordered against licensees in his district, while slightly more than 59 percent of all revocations ordered against license holders throughout the State have been ordered against license holders in Bonelli's district since he has represented it on the board.

When Bonelli took office, there had been entrenched for years in the Skid Row district of Los Angeles a practice of cafe operators using B-girls or percentage girls in inducing the sale of beverages. The witness Wadley testified that this practice has gone on for the 16 years during which he had known the district. (Transcript, vol. 41, commencing at p. 2587.) The witnesses John Lyden and Jennings Mitchener testified to similar effect, except that they had not been familiar with the district for so long a period of time—one since 1935, the other since 1936 or 1937. (Transcript, vol. 44, p. 2826; vol. 43, p. 2762.)

I previously have called attention to the long-established practice in that district of taking weekly collections from cafe operators. It appears from the testimony of Miss Mildred Marriage that another practice was in existence when Bonelli took office, the practice of sending one official copy of the minutes of the State board of equalization to the California Brewers Institute, and that Bonelli protested its continuance. (Transcript, vol. 76, pp. 5180, 5181.)

The board, of which Bonelli is a member, is an administrative, semijudicial body, having only four members, as previously stated. To execute its orders with respect to alcohol control, and to handle all the detail of enforcement, of enforcing the provisions of the Alcoholic Beverage Control Act, such as serving all the notices, making the inspections, making the reports, and attending to a multitude of details, there is an organization headed by a State liquor administrator, and with liquor control officers of varying rank extending over the State. These officers are civil-service employees, and it is important to realize plain facts that any member of the board of equalization must, to a very great extent, rely on the efficiency, honesty and industry of the liquor control officers who have the immediate responsibility for the enforcement of the act; to aid in that task, section 66.5 of the Alcoholic Beverage Control Act provides as follows:

"It is hereby made the duty of every peace officer and every district attorney in this State to enforce the provisions of this act, and to inform against and diligently prosecute persons whom they have reasonable cause to believe offenders against the provisions hereof. Every such officer refusing or neglecting to do so is guilty of a misdemeanor."

The use of B-girls is a violation of one of the provisions of the act, which was adopted in 1935. It also is a violation of section 303 of the Penal Code, adopted in 1935, and is declared therein to be a misdemeanor. Local peace officers, of course, are responsible for the enforcement of this statute.

Against the foregoing background of the charge of the indictment we should consider possibly the absence of certain evidence from this case:

1. There is no evidence tending to show that any local law-enforcement officer ever brought to the attention of Bonelli any violation of the Alcoholic Beverage Control Act, and that he failed to act upon such information.

2. There is no evidence to show directly or by reasonable inference that any liquor-control officer ever brought to the attention of Bonelli any violation of the Alcohol Beverage Control Act and that he failed to act upon the same.

3. There is no testimony of any alleged coconspirator direction tying Bonelli into the Joskowitz collection routine. In his case we do not have a question of corroboration, for there is nothing to corroborate.

4. In spite of the high percentage of revocations and suspensions of licenses, and of denials of applications for licenses under Bonelli's administration, a fact that might well create for him numerous enemies, in spite of the fact that for approximately 6 months investigators from the district attorney's office examined files in the office of the State board of equalization, and that about 300 such files were placed in their possession (transcript vol. 78, pp. 5277, 5278), not one witness has been produced to testify that he ever paid or was asked to pay any sum to Bonelli, or to anyone who claimed to be acting for Bonelli, for favorable action on an application, or to forestall a revocation or suspension, or to influence an official action on his part—unless through what is the worst kind of hearsay as to Bonelli, and the discredited testimony of Joskowitz we were to connect Bonelli with the Joskowitz scheme of collection.

5. No one has testified that he ever saw Bonelli and Joskowitz together, except that Joskowitz was present among a crowd of people who gathered at campaign headquarters celebrating Bonelli's success at the polls. Uninvited chislers, I think, have a habit of making themselves present on even the best of such occasions. Even Joskowitz has testified of no direct association with Bonelli. He does say that he paid his lawyer Woolwine \$500 just for an introduction to Bonelli thus indicating strong opinion that it would have been exceedingly difficult for him to make the acquaintance otherwise. More about this later. We have no evidence of even a telephone call between Joskowitz and Bonelli.

6. No evidence has been received and none has been offered to show that Bonelli ever made any kind of a deal, gave any promise, held out any inducement in exchange for a campaign contribution, unless we were to accept the uncorroborated story of Joskowitz, and the interpretation placed thereon in argument, with respect to one alleged incident wherein Joskowitz made a campaign contribution, or were to take seriously and interpret a statement said to have been made to Lombardi. More of this later. On the positive side we have the fact that the only effort on the part of Joskowitz or any of his like here shown to deliver any money to Bonelli even for campaign purposes, was refused. The witness Lombardi and the witness Barr told of their voluntarily solicitation of campaign funds. The activities of Barr, who was a liquor-control officer, in that respect, were in violation of express orders posted by Bonelli to all employees of the board that they must not solicit campaign funds. (Transcript, vol. 55, pp. 3637, 3638.) Yet Barr complains of being transferred to Pasadena. Barr knew that he had no right to accept any money for the campaign. (Transcript, vol. 57, p. 3757, commencing at line 11; vol. 55, pp. 3637, 3638; vol. 57, p. 3757.) The largest contribution made to Lombardi, shown by the evidence, was that of Frank Irvine, who gave between \$400 and \$500. (Transcript, vol. 47, p. 3060; vol. 65, pp. 4445, 4456, 4457.) But in spite of that contribution, complaint was filed against Irvine's Mermaid Club in October 1938; his license was revoked in January 1939, and was never restored. (Transcript, vol. 65, pp. 4450, 4451, 4457.) And in August 1939 another license of his was taken away. And in spite of the alleged campaign contribution of Joskowitz, in June 1938, licenses in which he had, or claims to have an interest, along with those of other persons totaling between 12 and 15, not long thereafter suffered reverses in the way of suspensions or cancellations, and it was not until about the middle of September of that year when these 15 licenses, more or less, which had been suspended under the Bonelli administration for violation of the anti B-girl section of the Alcohol Beverage Control Act, were restored, and then only upon the signing by the licensees of affidavits in which they promised thereafter to be good and to obey the law. Samuel Mellos was another campaign contributor who suffered reverses from the board. In spite of an asserted contribution of \$200 (transcript, vol. 55, pp. 3648, 3649), his place was closed for about 15 days at one time and 50 days at another, because of license suspensions. (Transcript, vol. 55, pp. 3651, 3652; vol. 56, pp. 3700, 3706; exhibits 237, 239.)

7. Although many employees of the State board of equalization were called to testify, none, not even Barr, who apparently had quite a chip on his shoulder, testified that Bonelli ever attempted to interfere in the performance of duty, ever asked anyone to do anything he should not have done or not to do anything he should have done; and all those questioned on this point testified positively that there had been no such interference.

Aside from the hearsay introduced by Joskowitz under the theory of conspiracy, and aside from those few events occurring before the Joskowitz collection routine was planned—events that will be discussed later—what do we have



in the record that might by any stretch of imagination be considered as supplying proof that Bonelli had any connection with the Jaskowitz venture?

1. There is some evidence not quite as clear and definite as it might be about a campaign deficit. It seems that the witness Hart did give the district attorney a statement in which he said that Bonelli once told him he had run short on his campaign fund approximately \$20,000. I do not mean to weigh the evidence on this point, but on the stand the witness explained that he was in error in that statement, and gave evidence, remaining uncontradicted, that before he gave the statement, he had been called to the Biltmore Hotel to meet the "district attorneys," that he was detained there until about midnight, "went through a lot of pushing around," was threatened with an indictment, was told by the district attorney that he was under arrest and that he, the district attorney, would see that he, Hart, lost his license (Transcript, vol. 94, pp. 6111-6133). The witness Lick gave testimony that after the election Bonelli told him "we had a deficit" and that he, Bonelli, had borrowed money for campaign bills (Transcript, vol. 94, pp. 6140, 6142). But he also admitted knowing that Bonelli had been interested in other matters in the election beside his own election, the ham-and-egg issue, the single tax, candidates for other offices, and that in the discussion in which a deficit was mentioned, the "whole political horizon, as distinguished from his own candidacy" was discussed (Transcript, vol. 94, pp. 6143, 6144).

2. There is evidence that pajamas and robe purchased by Jaskowitz near Christmas 1938, said by him to have been sent anonymously to Bonelli's home, were found in the home in October 1939. In the case of *People v. Coffee* (161 Cal. 433, p. 457), it was said that "the acceptance of a gift without corrupt prior understanding is not bribery."

3. There is the incident of the revocation of license on Bert Wadley's Buckeye Cafe, previously discussed by me.

4. Then we have Bonelli's letter of August 2, 1939, in which he gave notice to Skid Row cafe operators that the use of B-girls would have to be discontinued within a certain number of days.

5. There were some telephone calls, previously mentioned, between Levine and Bonelli on and near August 10, 1939.

6. We have the event of the blanket revocation of 23 licenses on August 10, 1936, by the board on testimony of Templeton and on motion of Bonelli, with the testimony of Miss Hoyt and others concerning the proceedings; and along with that action, similar action of the board on Bonelli's motion on August 30, 1939, and on September 27, 1939.

Much has been made of these events, and to discuss every phase of the arguments that have been advanced would unduly extend this statement.

The facts that appear to be the chief talking points are:

(1) That nearly all the places whose licenses were revoked on August 10 were places which had not been making payments to Jaskowitz, and

(2) That, excepting a few places, Templeton had not received official reports from liquor-control officers, showing that after Bonelli's warning went into effect, B-girls were being used;

(3) Seventeen persons whose licenses were included in the list of revocations testified here in court, most of them denying the use of B-girls after the time limit fixed in Bonelli's letter, and a few, I believe, denying having used them at all;

(4) In addition, the first item, of course, means nothing without the testimony of Jaskowitz and his coconspirators, all hearsay against Bonelli.

But considering that point in connection with the fourth one, let us assume Bonelli did request or have assistance from Levine in the preparation of the list. Now, according to the testimony of Jaskowitz and those of his "little group" who testified, they all complied with the demand of Bonelli's letter and quit using B-girls at the time specified. Jaskowitz told his own partner, Max Silverman, that they would have to "cut the girls out, because if we did not cut them out, they are going to revoke the license." (Transcript, vol. 54, p. 3530.) And he told Don Ritten that the letter "means doing away with the B-girls," and Ritten said, "We will comply with the circular letter." (Transcript, vol. 37, p. 2296.) So let us, supposedly, as the prosecution theorizes, that Levine obtained information for Bonelli from Jaskowitz, and going on from there with Jaskowitz' own story it appears Levine asked Jaskowitz for the names of only those places running with B-girls, and that when he turned the list in, Jaskowitz told Levine that the places listed were all "no good, they got a bunch of B-girls in there." (Transcript, vol. 25, pp. 1423, 1428.) That was the report of an expert, and one with a master mind, and if that information



was used in the preparation of the list of licenses revoked on August 10, and if Joscowitz told the truth, the official action was justified in every particular. It appears that on the day before this August 10 event, Joscowitz himself suffered a suspension of license; that on the revocation list of August 10 were two of Joscowitz' customers, Don Ritten who had been one of the biggest payers, going up as high as \$40 a week (transcript, vol. 37, p. 2291), and Milton Freibrun who had paid Joscowitz \$20 a week (transcript, vol. 66, pp. 4529, 4530). Also on the list was the big campaign contributor, Frank Irvine. When the next blow fell on August 30, it destroyed the license of John Lyden, a place of which Joscowitz was half owner. (Transcript, vol. 44, p. 2823.) And John Lyden, shortly before that, had given Joscowitz two checks, paying up in arrears, so we are told, for the Joscowitz protection, one in the sum of \$60 paid in July, and the other in the sum of \$75 paid in August. And when the third blow at the B-girl system was struck in September, it killed two licenses in the name of Joscowitz, another owned by his contributor Mellos, and another by his one-time partner Ben Lissitz. And in this connection, let us not forget that only 10 persons came here to testify of having made weekly payments to Joscowitz.

It appears without contradiction that in testifying before the board in connection with the action of August 10, Templeton made it clear that he was not relying solely on the reports of his officers; that he was relying on other sources of information as well. Bonelli, too, made clear to the board that there was no claim of scientific accuracy with respect to the information on which they were acting, when he said: "all of these places are places where during the last 3 or 4 months we have suspected that they were using B-girls." (Transcript, vol. 73, p. 4985.) He indicated also that the list was not complete when he said to the board that the places listed were "among that general group of places that the police commission has referred to frequently and has been investigating. \* \* \*" And he made it known that he, too, was relying on independent sources of information when he said that he was taking the action on the "further basis of independent check-up, which I have made through an angle of the police department, through an officer of an association in Los Angeles interested in all alcoholic beverages, which tends to confirm and verify everything that has been testified here." (Transcript, vol. 73, p. 4986.)

No particle of competent evidence, evidence viewed independently of the unreliable story of Joscowitz, and admissible against Bonelli, tends to show any insincerity or falsity in these statements.

Let us not, in taking time to answer suspicion and the tale of Joscowitz, lose sight of the positive side of these actions of August and September. They brought an abrupt end to the Joscowitz collections. They brought an end to Joscowitz's own business. So far as the evidence in this case shows, they brought an end to the use of B-girls in "skid row" in connection with the sale of alcoholic beverages. The conclusion is inescapable from all the evidence that these moves on the part of Bonelli contributed to public welfare. So far as the evidence in this case shows, Bonelli was the first public official in California to break down the entrenched system combining weekly collections and the use of B-girls in "skid row," a system that had gone on for at least 16 years.

Thus, in viewing these facts independently of the testimony of Joscowitz, as we must in ruling on the motions before the court, how can it be said that they support an inference that Bonelli and Joscowitz were in league to collect bribes in return for which "skid row" would be permitted to use B-girls without having licenses revoked?

What next in the case against Bonelli? Three alleged conversations with Anthony Lombardi, the volatile witness who made it plain to us that he couldn't remember dates. The prosecution fixes the date of the first of these conversations as sometime in April. It consisted chiefly of a protest to Bonelli against Templeton's treatment of Lombardi. The prosecution has argued that the conversation is significant because in it Lombardi told Bonelli of what was going on in "skid row" and Bonelli did nothing about it. The second part of the argument is wholly unsupported by the evidence, and the first part is questionable. All Lombardi testified to having said to Bonelli on the subject was this one sentence, thrown into his protest against Templeton: "Those guys walking up and down the street and collecting that money and mentioning your name." (Transcript, vol. 48, p. 3111.) Not another word on the matter. Coming from a temperamental, loose-talking Lombardi, what information did that remark, if made, give Bonelli? As to the alleged doing nothing about it, Bonelli's statements at the board meeting on August 10—which carry the presumption of truth—show that for 3 or 4 months he had been doing something about it,

quietly looking into the situation, and gaining information on which to act. (Transcript, vol. 73, pp. 4985 and 4986.) Even were the evidence not in the record, there would be nothing to support the statement that he did nothing about it.

In the second conversation testified to by Lombardi, apparently having taken place after the start of the investigation leading to this action, the only statement attributed by the witness to Bonelli is this: "Kid, those guys ain't got nothing on me." It is quite evident that if Bonelli said something to that effect, Lombardi translated it into his own language; Lombardi replied, "Jesus, they are crucifying you." Certainly there is nothing in that statement of Bonelli to incriminate him.

In the third conversation Lombardi has Bonelli trying to get him to understand that the campaign funds Lombardi collected were collected for Woolwine; that Lombardi should stay out of sight and to go hire a crook so he could get away. It is not for me at this time to break this conversation down and show its improbability. It is my duty, however, to respect and to follow a precedent of judicial policy set up by the Supreme Court of the United States. On cross-examination, the witness Lombardi was asked if after he had been picked up and taken to the district attorney's office, an investigator exhibited what appeared to be an indictment, with Lombardi's name on the first sheet, and in substance and effect said to Lombardi's wife: "If that husband of yours tells the kind of story we want him to tell, you can take this front page and put a match to it; otherwise we are going to indict him, and we are going to set the bail so high that he will die in jail before he gets out." (Transcript, vol. 51, p. 3323.) The witness answered, "In substance, yes; in substance." (Transcript, vol. 51, p. 3324.) He qualified this answer somewhat by saying that he had not been told that he would be put in jail to die there or that the bail would be fixed so high he would rot in jail, or that he should tell the kind of story the investigator wanted; but the threat made to his wife in his presence remained in the witness' testimony. There is a striking similarity between this experience and that of the witness Hart, neither denied. Lombardi was kept in the custody of the district attorney from that time to the time he gave his testimony.

In a recent decision of the Supreme Court of the United States (*Chambers v. Florida*, 60 Sup. Ct. 472), decided in February of this year, the Court set aside the conviction of four Negroes because, following their arrest, they had been held for 1 week away from friends and counsel and kept under constant questioning. Among other things, the Supreme Court said:

"We are not impressed by the argument that law-enforcement methods such as these under review are necessary to uphold our laws. The Constitution proscribes such lawless means irrespective of the end. And this argument flouts the basic principle that all people must stand on an equality before the bar of justice in every American court." Today, as in ages past, we are not without tragic proof that the exalted power of some governments to punish manufactured crime dictatorially is the handmaid of tyranny. Under our constitutional system, courts stand against any winds that blow as havens of refuge for those who might otherwise suffer because they are helpless, weak, outnumbered, or because they are nonconforming victims of prejudice and public excitement.

Due process of law, preserved for all by our Constitution, commands that no such practice as that disclosed by this record shall send any accused to his death. No higher duty, no more solemn responsibility rests upon this court than that of translating into living law and maintaining this constitutional shield deliberately planned and inscribed for the benefit of every human being subject to our Constitution—of whatever race, creed or persuasion.

The least this court can do to uphold the principles thus enunciated by the highest court of the land is to deny to the prosecution with respect to the witness Lombardi the usual presumption of truth wherever his testimony is in conflict with the presumptions of innocence and fair dealing on the part of any defendant.

Finally, in the case against Bonelli, is the testimony of the witness Crabtree that early in 1939 Templeton helped Bonelli buy a Palomino stallion for which Bonelli wrote him check for \$1,000.

It is the decision of the court that a prima facie case of conspiracy as charged in the indictment has not been made against the defendant Bonelli.

We shall take our recess at this time until 2 o'clock.

(Whereupon an adjournment was taken until 2 p. m. of the same day, Monday, May 27, 1940.)

The CHAIRMAN. Is there anything else?

Mr. BONELLI. I hope you will read it all, Senator.

The CHAIRMAN. For the record, what court was that and who was the judge?

Mr. BONELLI. Judge William J. Palmer in the Superior Court of Los Angeles, Calif.

The CHAIRMAN. Judge William J. Palmer of the Superior Court of Los Angeles County?

Mr. BONELLI. Yes.

The CHAIRMAN. Is that the trial court?

Mr. BONELLI. Yes.

The CHAIRMAN. What he did, then, in effect was on the motion of your counsel direct a verdict of not guilty for the defendant?

Mr. BONELLI. That is correct, without my being required to put on any evidence or defense.

The CHAIRMAN. You did not testify yourself, did you?

Mr. BONELLI. I did not, no.

The CHAIRMAN. Very well.

Mr. BONELLI. Pardon the interruption, Mr. Rice.

Mr. RICE. Now, we have Jasper Matranga, who was operating the Monte Vista Cafe and later bought a liquor store in Ontario from Nungesser and the license was taken out in Matranga's name. How did that happen?

Mr. BONELLI. I don't think it happened.

Mr. RICE. You do not think that happened?

Mr. BONELLI. I don't think the Matranga you are speaking of has been a licensee but, again, I have to rely on employees. I will tell you what I did, Senator. I thought this would be one of the subjects you wanted me to be prepared on.

The CHAIRMAN. One of the main things we have been concerned about was these out-of-State fellows coming in here and some way or other getting licenses, Mr. Bonelli.

Mr. BONELLI. What I did, so I can answer your questions, I got ahold of Chief Clark in Los Angeles County, and Chief Barry in the southern counties, and asked them to make me an up-to-date report on any of these names that we thought there might be questions about. You are speaking about Matranga now, are you?

Mr. RICE. Yes.

Mr. BONELLI. Well, I think I was told about this orally and I made notes here. I think our record shows that license is not in his name and has not been. I don't even think it is in his wife's name, although he is inclined to believe that the Matrangas do own an interest in it. That is being looked into. If such is the case, the present licensee will be filed on for false ownership. I think I am safe in saying that Chief Clark advised me last Friday his check-up indicated that Jack or Jake Matranga, or whoever it was, was not the licensee.

Mr. RICE. How about Mrs. Matranga?

Mr. BONELLI. Or that she was a licensee, either.

Mr. RICE. You say you checked with Chief Clark?

Mr. BONELLI. Yes.

Mr. RICE. He is chief of what?

Mr. BONELLI. He is the administrator for the liquor division for Los Angeles County.



Mr. RICE. He definitely said that Mrs. Matranga was not the licensee?

Mr. BONELLI. That is my recollection of the report he gave me Friday.

Mr. RICE. How about Frank Bompensiero at the Golden Rail in San Diego?

Mr. BONELLI. I don't have the report, I don't believe. That is in Chief Barry's district. He is the administrator down there. I asked him about that, about the time your crime commission's letter came to us.

Mr. RICE. He is a nephew of the notorious Jack Dragna; isn't he?

Mr. BONELLI. That was checked up, and, by the way, these weren't any of the new licenses that were granted. I asked Barry about it Friday. His report to me is this, and I am inclined to agree with him, that both Dragna and Bompensiero, if that is the name, are veterans; neither of them has any convictions for any kind of crime involving moral turpitude. Both of them have been conducting their part of the premises according to the ABC Act, and Chief Barry told me, "I see no grounds upon which to file accusations against them." In other words, neither of them, according to his report, are tied into questionable activities. Until they are I am inclined to take his judgment and leave him alone.

Mr. RICE. You are satisfied that Jack Dragna has no interest there?

Mr. BONELLI. He seems to think——

Mr. RICE. How about you?

Mr. BONELLI. I have to rely on his report: I don't know anything.

The CHAIRMAN. Wait a minute. On this Bompensiero, I think he has quite a record. He testified before our committee.

Mr. BONELLI. If he does have, tell me, because that is Chief Barry's report to me on the telephone.

The CHAIRMAN. We will give that to you. Now, if a fellow like that has a record, don't you check into it some way or the other?

Mr. BONELLI. We get fingerprint records at the time they make their application for a license.

The CHAIRMAN. All right; go ahead, Mr. Rice.

Mr. RICE. How about Joseph Borsieo at Ninth and Hope in Los Angeles, a hoodlum from Chicago?

Mr. BONELLI. I think I do have a report on that. I think I had Chief Clark's report on that that he is not the licensee. There was a Fifth and Figueroa place and a Ninth and Figueroa place, and I think both of those addresses, the report indicated they were no longer connected with the premises. Now, I think you said at Ninth and Hope. What name was that?

Mr. ROBINSON. The Primrose Bar.

Mr. BONELLI. Who is the licensee?

Mr. ROBINSON. I don't know at this time.

Mr. BONELLI. Anyway, the report that I asked him to check up was whether Jack Dragna had an interest in the premises at Ninth and Hope.

Mr. ROBINSON. I think he used to have upstairs.

Mr. BONELLI. The report that he gave me, and I wrote it down in longhand, is that Jack Dragna has been out for several years; that he is not licensed now and so far as the office can tell, he doesn't have



any money in the premise. He, Clark, indicated, as I remember, it was about 6 years since he had had.

Mr. ROBINSON. What does your record show as to the licensee of the Primrose Bar?

Mr. BONELLI. I think that is the one you are talking about at Ninth and Hope.

Mr. ROBINSON. I think that is Borsieo.

Mr. BONELLI. You are talking about Fifth Street then. I think the Primrose Bar was at Fifth and Hope; wasn't it? Yes; I have the Fifth and Figueroa place. That one was a report that the licensee or the money in it was connected with the Purple Gang, and so on.

Mr. ROBINSON. Borsieo formerly operated a place called the Primrose in Chicago.

Mr. BONELLI. Well, I am talking about here at Fifth and Figueroa. The report on both Figueroa and the other place indicated that neither of the parties supposed to be interested or on the license is connected with it. As he put it—and I put quotes on it—"It is reported and rumored, but I am unable to prove anything along that line." That is the best information I have on those two.

The CHAIRMAN. On Bompensiero, the record shows here that he was arrested and tried for murder. He was not convicted, however; that he had a conviction, a violation of the liquor laws in San Diego County; that he has been arrested a number of times. The particular point of inquiry was his trips to Tijuana, where he apparently met with, or had some meeting with, a fellow named Capola, who has been deported and who has quite a record; also a fellow named Lopiparo from St. Louis, and a fellow named Gallo, who is well known. These fellows are all supposed to have been in narcotics. He was supposed to have had a meeting with them down there.

Mr. BONELLI. Those last three names you read, Senator, I have no reference as to them.

The CHAIRMAN. They are not men who have licenses. We are talking about who he met with in Tijuana.

Mr. BONELLI. Well, I was trying to keep up with you, Senator.

The CHAIRMAN. But he does have some record, at least one conviction and one trial for murder.

Mr. BONELLI. May I ask if it is within the proper province of the committee to furnish such information to the State liquor administrator, George M. Stout, who is already under board direction to proceed whenever usable information is available?

The CHAIRMAN. But you are the chief man in this division.

Mr. BONELLI. No.

The CHAIRMAN. We are giving permission to you.

Mr. BONELLI. Well, it looks like I am never going to get you educated. The State liquor administrator is responsible and is paid for that and has the authority. I have no authority over the subject until he comes to the board and a quorum is present and a majority give him instructions. We have done that. We have ordered him to proceed whenever valid information is available. If it comes to me, I send it to him. If it goes to him direct, he is under board order to go ahead.

The CHAIRMAN. We understood you had the primary say-so in this section as to issuance of licenses and revocations. Anyway, we will give you the information and you can see that it gets into the right hands.

Mr. BONELLI. I will refuse to accept it because it is not my proper function. I request that you observe the laws and procedures of the State of California, the same as I took an oath of office to do. Won't you please send that information to the State liquor administrator?

The CHAIRMAN. We don't mind sending it to the State liquor administrator, but we understood from your previous testimony that you said for all practical purposes that you, as the member of the board from the fourth district, that you had the substantial say-so over revocations, who got licenses, and so forth.

Mr. BONELLI. You misunderstood me most amazingly.

The CHAIRMAN. I am relatively sure you said that.

Mr. BONELLI. I told you a board member could function only in a proper quorum, and as a part of the majority in a board meeting.

The CHAIRMAN. The board, of course, goes along with your recommendations in this area; is that correct?

Mr. BONELLI. If I am not present to make one, the State liquor administrator proceeds as he always does, makes recommendations, and the rest of the board go ahead and get the board business done.

The CHAIRMAN. The record will show what you testified to previously and what we are discussing now.

Mr. BONELLI. Note my request that the committee cooperate by sending any information that they have to the administrator.

The CHAIRMAN. This testimony will be made public, and it will be furnished to the proper officials.

Mr. BONELLI. All right; we will do our best to cooperate.

Mr. RICE. Did you say you did some checking last Friday?

Mr. BONELLI. By telephone with Chief Barry, over the long-distance phone in San Diego, and with Ed Clark, Friday and again Monday.

Mr. RICE. What caused you to do that checking?

Mr. BONELLI. Because of the subpoena which I was served with some weeks ago to appear; because of statements which have appeared in the press about the impending meeting. The fact that I had a right to assume that what I read in the papers was an indication of what you planned to do.

Mr. RICE. What did you check on, sir?

Mr. BONELLI. The subject matter.

Mr. RICE. What is that?

Mr. BONELLI. I understand you now. When the crime commission's letter came to us, I think about a month before the election in June—

Mr. RICE. Of what year?

Mr. BONELLI. 1950.

Mr. RICE. I think you got it before that.

Mr. ROBINSON. You referred it to the attorney general in April.

Mr. BONELLI. May, I think it was.

Mr. ROBINSON. That is not true.

Mr. BONELLI. I said about a month before my primary election in June.

The CHAIRMAN. Let's get on. As I understand the matter, you asked the crime commission to furnish you the names of any people who had records.

Mr. BONELLI. The date of that letter, which came from a special crime-study commission on organized crime, dated May 5, 1950, and signed by Warren Olney 3d, consisting of 5 pages.

Mr. ROBINSON. Mr. Bonelli, you related that to your primary. I think, out of fairness, the board of equalization asked the crime commission for that letter that you are referring to now.

Mr. BONELLI. I introduced a resolution early in February asking your commission to send to us any information you thought we should have about hoodlums in the business.

Mr. ROBINSON. That is the letter you are referring to there?

Mr. BONELLI. Three months later; 1 month before I was up for election, we received your answer. I am stating facts, and I make no inference.

Mr. ROBINSON. I think there is a strong inference there.

The CHAIRMAN. The letter lists a certain number of hoodlums.

Mr. BONELLI. It was their report indicating 22 cases, which they said merited the attention or investigation of the board. Now, answering your question, Mr. Rice, that had been turned over to the State liquor administrator at the same time that we referred it to the attorney general for a ruling on privilege, with instructions for him to investigate the premises and take action to eliminate any of them wherein the purported bad conditions existed.

I had not had reports on many of them, Mr. Rice, since it was turned over to him. I was trying to get myself up to date, so if you ask me questions I wouldn't appear too stupid.

Mr. RICE. I understand. Now, sir, was it found that any of those places were in a position where the license should be revoked?

Mr. BONELLI. Most of them. Of the 22, as they came to us originally, I think 10—Robinson will remember that—either 10 or 12 were in my district. Only two of them were licensed as of the date of the letter—In one case 5 months before it had been revoked. In two or three cases the party alleged—the hoodlum alleged—to be in the premises or on the license, we had no record of him ever having been connected with it. I think in two others they were just mere licensees. I think there were only two cases of the entire number that the State liquor administrator said bore out the contention and should be complained on in my district. I have never seen the report in the other three districts, Mr. Rice.

Mr. RICE. Does a full board sit on reinstatement or restoration of licenses where they have been revoked?

Mr. BONELLI. It cannot be done otherwise.

Mr. RICE. A full board sits?

Mr. BONELLI. A quorum sits.

Mr. RICE. I see where Bouquet Cohen, an operator of a cigar store in San Francisco, who just finished a year for bookmaking, had his license reinstated with the comment. "He was punished enough."

Mr. BONELLI. Do you have the date of that action?

Mr. RICE. No; I don't.

Mr. ROBINSON. Within the last 60 days.

Mr. BONELLI. I think that was the second board meeting back. I am president of the National Association of Tax Administrators, and I was back in Washington, Chicago, and other places. I missed that meeting, and I am quite sure I missed that while I was back east. I



don't remember that case ever being up within the last 60 days when I was present.

Mr. RICE. That is one they may have pushed through on you?

Mr. BONELLI. No. If the State liquor administrator recommends it we have to take his word; ordinarily, we have to take his word on that.

Mr. RICE. Well, the man just got out of jail.

Mr. BONELLI. Maybe there were special circumstances that merited consideration. I don't know; I wasn't there.

Mr. RICE. Special circumstances, you say? For instance, what?

Mr. BONELLI. You mean could there be such?

Mr. RICE. Yes.

Mr. BONELLI. I can remember a case where it looked bad.

Mr. RICE. This man has just gotten out of jail.

Mr. BONELLI. I am talking of a case like that; yes. The judge before whom he had been convicted and the district attorney who presented the case against him wrote to the State liquor administration and said: "We think the man should have another chance."

Mr. RICE. You mean it was a "bum rap"?

Mr. BONELLI. Yes.

Mr. RICE. Now, I think you told us that you had a ranch, or did have a ranch?

Mr. BONELLI. I was referring at that time to one in Arizona.

Mr. RICE. You sold a ranch in Arizona for \$17,500?

Mr. BONELLI. I spoke of two of them. I sold three different pieces off the ranch out there.

Mr. RICE. You spoke, sometime back, about having sold a ranch for \$17,500 and ranch No. 2 for \$54,000. To what ranches were you referring?

Mr. BONELLI. Those were parts of the ranch that had been in my family off and on, I think, 90 percent of the time for about a century.

Mr. RICE. Where are they? What is the post-office address?

Mr. BONELLI. Chloride, Ariz., Mojave County.

Mr. RICE. That is a ranch that you have had in your family for many, many years?

Mr. BONELLI. A part of it; yes.

Mr. RICE. When did this transaction take place, when you realized the \$17,500 that you spoke about?

Mr. BONELLI. I think we went into escrow in 1942.

Mr. RICE. What do you mean, "went into escrow in 1942"?

Mr. BONELLI. In Arizona getting your policy of title insurance is a terrible thing. It went into two sections, Mr. Rice. The one section involving \$17,500. I think I got half of the money out of it, almost immediately, within 30 days. I had to let the other half drag on, oh, a year and a half or 2 years. The \$54,000 item, the buyer deposited the cash in full in escrow.

Mr. RICE. Is that the same ranch?

Mr. BONELLI. Adjoining.

Mr. RICE. Adjoining?

Mr. BONELLI. A different buyer but in the same valley; an adjoining ranch.

Mr. RICE. What year was that?

Mr. BONELLI. This was at the same time.



Mr. RICE. So that these were sold on or about the year of 1942 and it may have taken as much as a year to process title?

Mr. BONELLI. I think it took about a year on the larger one of the two.

Mr. RICE. In any event by 1943 you had sold one for \$17,500 and one for \$54,000; is that right?

Mr. BONELLI. Yes. Preceding that I had sold another one south of that, which I acquired in 1925. I sold it, I think, for \$7,500 cash.

Mr. RICE. What year did you sell that?

Mr. BONELLI. I think it was in 1941. It was in advance of this transaction by some part of a year.

Mr. RICE. That was the \$7,500?

Mr. BONELLI. Yes.

Mr. RICE. Did you reinvest that money?

Mr. BONELLI. Yes, I would say it like F. D. R. "again and again and again."

Mr. RICE. Then what did you acquire after that with that money?

Mr. BONELLI. I couldn't tell you that.

Mr. RICE. Did you sell any property in 1944?

Mr. BONELLI. It seemed to me I cleared up a bunch of Hermosa Beach lots about that time, but I can't be too sure about that date.

Mr. RICE. About how much did you get for that?

Mr. BONELLI. I can't remember.

Mr. RICE. Approximately?

Mr. BONELLI. I can't tell you that; that was involved. In 1930 I did a bunch of legal work for Ed Johnson, the contractor, and in the end I had to take some \$10,000 worth of improvement bonds for a fee. When 1933 and 1934 hit us they stopped paying and I had to finally pay taxes and take over the lots and whenever I got a chance to liquidate I did. I think it was along in 1943 or 1944 that I finally lumped the balance in one sum, the balance that was left. I have forgotten how many there were.

Mr. RICE. Approximately what did you get for that?

Mr. BONELLI. I think probably between \$3,000 and \$4,000, although I am not positive of it.

Mr. RICE. You had those lots for some time?

Mr. BONELLI. Well, I got the bonds in 1930. I bought the lots at tax sales at various times to protect my bonds. I would say they were acquired over that 14-year period of time.

Mr. RICE. How about the year 1945?

Mr. BONELLI. In what way?

Mr. RICE. Did you sell any property?

Mr. BONELLI. Nothing that I remember of any great importance.

Mr. RICE. How about 1946?

Mr. BONELLI. I don't believe so; no.

Mr. RICE. How about 1947?

Mr. BONELLI. Some transactions, but I would say not of any great importance.

Mr. RICE. Nothing substantial, you mean?

Mr. BONELLI. No.

Mr. RICE. How about 1948?

Mr. BONELLI. Yes, 1948; I said 1948 and I think I am right, but it was either 1947 or '48.

Mr. RICE. What did you dispose of then?

Mr. BONELLI. Whichever year it was, a group of eight or nine mining claims in the San Francisco mining district. That is straight west of Kingman, Ariz.; what is called the Union Pass district.

Mr. RICE. When did you acquire those claims?

Mr. BONELLI. I acquired them in 1935 or 1936. I acquired my first fourth interest in them then, Mr. Rice. The owners of the property were in trouble with their taxes. They were delinquent over 5 years and they were up for tax sale. The proposition was made to me that if I would buy the property in at the tax sale, and if I wanted to, not because I was so interested in the gold property but they had some very valuable water rights that were called Burns Springs; that if I would buy the thing up in the tax sale they would give me the water rights which I wanted for ranch purposes. I think the deal was I was to get a one-fourth interest in all of the mining claims. I did buy the property up, oh, I think the tax deal on that was something in the neighborhood of \$3,500; \$3,400 to \$3,600.

Mr. RICE. When you disposed of that what did you receive for it?

Mr. BONELLI. The water rights that I referred to here, Mr. Rice, were those which were involved in that \$17,500 ranch sale. They went with it.

Mr. RICE. I see.

Mr. BONELLI. The mining claims, it was \$82,000, I believe.

Mr. RICE. \$82,000?

Mr. BONELLI. Yes; wait a minute, pardon me. I ended up with only a fourth of that. I got a fourth of the mining property, a fourth of this in 1935, whenever I bought it up for taxes. One additional fourth stayed in the name of the lawyer, Lew Wallace, who had been attorney for the company.

Mr. RICE. Where was Mr. Wallace located?

Mr. BONELLI. Kingman, Ariz. I don't know whether he is deceased or not. The other half was to be held available for the two main stockholders; I think they lived back in Boston.

Mr. RICE. Who were they?

Mr. BONELLI. I don't remember the names at all.

Mr. RICE. What was the name of the operation?

Mr. BONELLI. The Frisco Gold Mining & Milling Co.

Mr. RICE. The Frisco Gold Mining & Milling Co.?

Mr. BONELLI. I think that was the name of the claims; yes. We always referred to them as the Frisco claims.

Mr. RICE. Where was the office of that located, its principal place of business?

Mr. BONELLI. I think it was Boston.

Mr. RICE. Boston?

Mr. BONELLI. I am not sure, but I think that was it.

Mr. RICE. With whom did you do business in Boston on that?

Mr. BONELLI. I never did.

Mr. RICE. But you had an interest?

Mr. BONELLI. I said I never did any business with anyone in Boston. This was all done through the tax office. The acquisition was through the tax collector's office in Kingman.

Mr. RICE. All in Kingman, Ariz.?

Mr. BONELLI. Oh, yes.

Mr. RICE. Now, when you disposed of your claims——

Mr. BONELLI. I haven't completed this yet. So we agreed to let the property be leased out on lease and bond, and it was; it was by several groups of people. I was supposed to get my \$3,400 or \$3,500 back out of the proceeds from the operation of the property after they had paid the taxes. I went along for, I don't know, 3 or 4 years. It was being worked by different lessees; I couldn't even get my taxes or my money back. So finally I took over the one-quarter that Wallace had been retaining in lieu of settlement of, oh, royalties, and so on that might have been due. I think that was about a year or a year and a half later.

Mr. RICE. What did Wallace get out of that?

Mr. BONELLI. I haven't any way of knowing.

Mr. RICE. You say you just took over?

Mr. BONELLI. I couldn't get an accounting out of him for royalties and so on that were paid by the operators. He handled it, being in Arizona. So I took it over and he gave me a quit-claim deed.

Mr. RICE. Wallace gave you a quit-claim deed?

Mr. BONELLI. Yes. I just called it quits then. About a year later I did similarly on the other half.

Mr. RICE. What do you mean, you did similarly?

Mr. BONELLI. Took a quit-claim deed and canceled out any liability that they might have owed for unpaid balances, unpaid royalty payments, and so on.

Mr. RICE. Why did you do that?

Mr. BONELLI. It wouldn't do me any good; the property was valuable property. I was stuck for the taxes; they were leasing it out to operators and keeping any of the royalty payments that came in.

Mr. RICE. So you took quit-claim deeds, and how much did you acquire?

Mr. BONELLI. I have the entire thing, or had the entire thing by then.

Mr. RICE. What year was that?

Mr. BONELLI. I don't know whether it was 1941 or 1942.

The CHAIRMAN. So you became the owner of all of the Frisco Gold Mining & Milling Co.

Mr. BONELLI. By quit-claim deed.

Mr. RICE. To whom did you dispose of your interest?

Mr. BONELLI. The Nevada Corp., the Crown Mining Co., I think it was.

Mr. RICE. The Crown Mining Co.?

Mr. BONELLI. Yes.

Mr. RICE. What individual did you do business with in the Crown Mining Co.?

Mr. BONELLI. Primarily their attorney.

Mr. RICE. What was his name?

Mr. BONELLI. Kemper, I think it was; I think that is what it was.

Mr. RICE. Where is he located?

Mr. BONELLI. Here in Los Angeles.

Mr. RICE. What is his first name?

Mr. BONELLI. I can't think of that.

Mr. RICE. K-e-m-p-e-r?

Mr. BONELLI. Yes, I think that was it.

Mr. RICE. He represented the Crown Mining Co.?

Mr. BONELLI. That is correct.

Mr. RICE. They acquired your interest in the Frisco Gold Mining & Milling Co.; is that correct?

Mr. BONELLI. With the exception, I think, of two claims or some interest in either two or three claims, which I held onto because I didn't want to let loose of the whole thing.

Mr. RICE. Do you still have those?

Mr. BONELLI. Yes.

Mr. RICE. How many claims did you sell?

Mr. BONELLI. I am not sure whether it was six or seven, and I held onto an interest in two or three of them. It was about in that proportion.

Mr. RICE. In the six or seven that you sold, what did you get for those?

Mr. BONELLI. What I told you.

Mr. RICE. How much?

Mr. BONELLI. I was paid \$80,000 on the six and I think \$2,000 on the remaining ones; I think I received \$82,000 total.

Mr. RICE. A total of \$82,000?

Mr. BONELLI. Yes.

Mr. RICE. Who paid you that?

Mr. BONELLI. The Crown Mining Co.

Mr. RICE. By check?

Mr. BONELLI. Yes.

Mr. RICE. What did you do with the check?

Mr. BONELLI. Deposited it in the bank and paid my tax on the capital gain.

Mr. RICE. What bank did you deposit that in, sir?

Mr. BONELLI. The Bank of America; I don't know whether it was the Newhall branch or not.

Mr. RICE. Where do you keep your accounts?

Mr. BONELLI. The main branch in Los Angeles, Seventh and Spring and in Newhall.

Mr. RICE. The main branch of the Bank of America at Seventh and Spring?

Mr. BONELLI. Yes.

Mr. RICE. In what name?

Mr. BONELLI. My name.

Mr. RICE. Is that a checking account?

Mr. BONELLI. Surely.

Mr. RICE. Where is your other account?

Mr. BONELLI. The Newhall branch, same bank.

Mr. RICE. The Newhall branch bank of the Bank of America?

Mr. BONELLI. Yes; the Bonelli Ranch by me.

Mr. RICE. That is a trustee account?

Mr. BONELLI. Yes.

Mr. RICE. Do you know in which account that was deposited?

Mr. BONELLI. I cannot tell you. It might have been divided between the two; in the aggregate it went into the two accounts.

Mr. RICE. Was that paid all at one time in one check?

Mr. BONELLI. I think there were two different transactions of \$40,000 each, now that you speak of it.



Mr. RICE. Not over two?

Mr. BONELLI. And I think they were separated by 4 or 5 months; two separate transactions.

Mr. RICE. Now, sir, have you had any transactions in 1949, sold any property in 1949?

Mr. BONELLI. There was one other in 1948, I think. It was only \$2,000, a 1948 transaction. That was a transaction where I sold some land to a neighbor who wanted some land right and cash was paid for that. In 1949, no, I don't think so with the exception of the oil bonuses.

Mr. RICE. Nothing since 1949?

Mr. BONELLI. Except oil bonuses.

The CHAIRMAN. You sold these ranches down in Arizona. When did you get the last ranch you have got now?

Mr. BONELLI. Which one do you refer to?

The CHAIRMAN. Don't you still have a ranch in Arizona?

Mr. BONELLI. I still have the central part of it left. I have the central part that my granddad moved in on almost 100 years ago. I still have it and I intend to keep it.

The CHAIRMAN. How many acres is that?

Mr. BONELLI. I think I have deeded land in that around 13,000 acres; I think it amounts to around 12,000 or 13,000 acres.

The CHAIRMAN. How far is that from Los Angeles?

Mr. BONELLI. By Indio, about 370 miles; by Las Vegas, about the same.

The CHAIRMAN. There has been some talk, here and there, about a rodeo that you give in a stadium that you have down there.

Mr. BONELLI. No; that is here and not in Arizona.

Mr. RICE. At Saugus?

Mr. BONELLI. Yes. I did put rodeos on in Kingman, Ariz., that we started in 1914 and 1915, called Dig In Dogey Days, which are still being carried on and dad and I put the first three on. That was the Fourth of July celebration and rodeo.

The CHAIRMAN. This one that you have here, you sell tickets for that, for coming to see the rodeo?

Mr. BONELLI. Yes.

The CHAIRMAN. How do you handle that? Is it put on by you personally?

Mr. BONELLI. It is a corporation, Senator. It is the Newhall-Saugus Rodeo Association.

The CHAIRMAN. Is it a profit corporation or a nonprofit corporation?

Mr. BONELLI. It is a profit corporation and always was such.

The CHAIRMAN. Are you the president and chief owner?

Mr. BONELLI. Do you want to know the history of it, very briefly?

The CHAIRMAN. Very briefly, yes, and what you do with it there.

Mr. BONELLI. That was organized in 1939; 20 of us went in together and had a limitation that no one man could have more than \$500 worth of stock; 20 to make a \$10,000 capital account to back the budget for an annual rodeo. Tom Mix was president, John Wayne, Harry Carey, and everyone of the top western movie people were in the thing, along with myself and about four or five Newhall residents. Our hope was to make it the Los Angeles County annual rodeo that was comparable with Salinas and with other rodeos. I couldn't get

my plant in shape in time for the first one so we put it on in a lot with rented stands just south of Newhall, the first time in 1940, I think it was. Meanwhile, by the next year, when I had my renovating done and got the O. K. from the County Building and Safety Commission, we put the event on at my ranch. I forget now how the thing came out. I think it went a little bit behind. Then the war hit us.

The agreement that we had there was this: The association furnished the budget, had this \$10,000 of stock issued; money available. I entered into a 10-year agreement with them whereby the rodeo grounds on my ranch were tied up on an agreement for them to use annually or even twice a year if they wanted to. The deal was out of the proceeds from the sale of the tickets and the association was to be reimbursed in full for the money advanced for the putting on of the show. I think thereafter I was to get \$2,500 for rent. Then they were to get \$2,500 for dividends, and if there was anything above that it was to be divided evenly. That was in 1941 or 1942. The war came along and they put this limited attendance rule in that you could not sell more tickets than 5,000 people would use; in other words, they cut the attendance to 5,000.

The association did not want to take the gamble, and they felt the money was not likely to pan out. They had the option, under the agreement, to cancel the show for any year by giving notice, I think 30 days in advance of the 1st of February, or something like that. Anyway, for a time, when they could have gone ahead and put on the show they did not want to take the gamble, so finally I think I arranged with them to let me put the thing on and waived the agreement, or we made some adjustments on it, and I put one on while they still owned it, but free from the agreement.

The war ended and a lot of the prima donnas in it weren't getting along, and some wanted to get out, so I started buying up the stock and paying them 100 cents on the dollar. I think the stock was worth around \$9,200 or \$9,600, which represented \$10,000 of par. I started liquidating out the different stockholders as they wanted to get out of the thing. I think we got them all taken up about 2 years ago.

The CHAIRMAN. So you own it all now?

Mr. BONELLI. So the stock in that corporation was then turned over to a holding company in which my wife and I own 40 percent of the total.

Mr. RICE. What is the name of that company?

Mr. BONELLI. That is the Bonelli Ranch or Rodeo.

Mr. RICE. Do they have a bank account?

Mr. BONELLI. Yes; not a very good one.

Mr. RICE. Where?

Mr. BONELLI. At Newhall. May I ask what this has to do, under your authority, under Senate Resolution 202, what does this have to do with organized crime in interstate commerce? Are you within your jurisdiction or am I just being a good sport and just chattering along here with you?

The CHAIRMAN. Mr. Bonelli, we think we know what we are doing and we are trying to follow along as best we know how. There is just one thing I wanted to ask you about. You sell tickets and they are sold for this rodeo. So you put the rodeo on yourself now; is that the way it goes?

Mr. BONELLI. I am president of the Rodeo Association, yes. We still have that same agreement between my wife and myself, as owners of the ranch where the stadium is, yes. We have this last year to go on the 10-year agreement that originally existed. Senator, so that you will know, that plant has a seating capacity of around 20,000 or a little above that, I guess. In the last 5 years there have been in the neighborhood of 150 events; midget auto racing, motorcycle racing, hot rod racing, football games, rodeos, and many other things. There have been between 140 and 150 events where that stadium has been rented out and used commercially for paid events. I think it has been either six or seven of those, those events, that have been rodeos. The others have been other types of events.

The CHAIRMAN. Mr. Bonelli, on your wholesale liquor licenses—

Mr. BONELLI. Did I answer your other question completely?

The CHAIRMAN. Yes. On your wholesale liquor licenses, how do you operate them?

Mr. BONELLI. You mean what classes of them?

The CHAIRMAN. The issuance of them. What investigation do you make?

Mr. BONELLI. First of all, we will not entertain an application for a manufacturer, a distiller, a wholesaler or a rectifier's license until the alcohol tax unit of the Federal Government has granted them a basic permit. Then they apply with us for whatever type of license they want.

The CHAIRMAN. You do not make any independent examination of them?

Mr. BONELLI. Yes; but until they have been screened by the ATU they cannot even come over to us.

The CHAIRMAN. Well, doesn't the ATU take the position that they don't screen them, that they will go by what the State does? If the State wants to issue them a license, they will issue them a license; isn't that correct?

Mr. BONELLI. Well, Senator, doesn't that vary by jurisdiction somewhat?

The CHAIRMAN. That is what the testimony in Washington was.

Mr. BONELLI. My impression was—who is it over there? Is it Bradshaw over here now? I have not talked with him, but my impression was that they take some careful looking into applicants in the southern California area. I may be wrong, but I believe they are fingerprinted when they apply. They go through all that formal posting period and the screening that the retail licensee does.

The CHAIRMAN. Do you allow the distillers to own their own wholesale distributing place?

Mr. BONELLI. On beer and wine I think there is practically no prohibition. You are not referring to the retail side, are you?

The CHAIRMAN. I am talking about the wholesaler.

Mr. BONELLI. Between the manufacturer and the wholesaler, you mean?

The CHAIRMAN. Yes.

Mr. BONELLI. I may have misunderstood your question.

The CHAIRMAN. I am talking about a distiller having his own wholesale distribution.



Mr. BONELLI. I think that is permissible; I think we have that here in California, Senator.

The CHAIRMAN. You do have several of them here in California; is that right?

Mr. BONELLI. I think it is permissible under our laws, Senator.

The CHAIRMAN. How about the retailer, the distiller, and the wholesaler all having the same license?

Mr. BONELLI. The theory of our law is that we draw a rather strict line between the retailer and the wholesaler structure. For example, on sale distilled spirits or on sale generally, there is supposed to be no tie-up between the retail licensee or the wholesale licensee; neither should own the other. Now, that is the case where it is distilled spirits. Now, I believe in the cities under 50,000, where they confine their distribution to the boundaries of the city in which they have the retail license, that they can have both the wholesale and the retail. In general, they are supposed to be separate, a complete break between the wholesaler and the retailer.

The CHAIRMAN. As between a distiller and brewer, and a wholesaler, isn't it generally recognized it is a violation of the Antitrust Act and the Fair Trade Practices Act for the distiller to also have his own wholesale establishment?

Mr. BONELLI. You are speaking of distilled spirits or of brewers?

The CHAIRMAN. Brewers or distilled spirits.

Mr. BONELLI. You are talking about the Federal Fair Trade Act, are you?

The CHAIRMAN. Well, I just wondered if you had made any investigation to determine how many of those situations you have in California.

Mr. BONELLI. I haven't checked with the administrator recently enough to know how up-to-date they are on those checkups.

The CHAIRMAN. Well, I think we did have some information about that.

Mr. BONELLI. Well, they do try to keep their checkups as up to date as they can.

The CHAIRMAN. I see in the grand jury report, and I will ask you if you know anything about ex-Captain Lorenson, where he said that he and an associate were permitted to purchase a liquor license for \$500 which they sold within 1 month for \$12,000. Is that about the same situation as with Guasti, do you think, or do you remember this one?

Mr. BONELLI. I don't remember; but I know that isn't purchased. They applied for one of those new ones and paid the fees that went to the State, and then sold it for whatever they sold it for afterward.

The CHAIRMAN. But I think he testified that he bought this while he was on the police force.

Mr. BONELLI. Was it in his name?

The CHAIRMAN. He and an associate. That is what appears here, although I haven't seen the record personally.

Now, we have had a report, and we may get a man in to testify about it tomorrow, that a recent survey was made and it was found that there was still over 150 girls, B girls, operating on the street you talked about, here in Los Angeles; your board was advised about



it and that the board came back and stated they couldn't do anything about it unless the bar owners can be shown to be responsible for the girls. Furthermore, that B girls did not constitute moral turpitude such as bookmaking, and so forth, and that this practice is still flourishing that you have been talking about.

Mr. BONELLI. Is that an official report? That is the first I heard of it.

The CHAIRMAN. That is a report given to us by a police officer. I want to make sure we get him here. Has a report like that been made to you?

Mr. BONELLI. It may have been to the chief; all things don't come to me. They go through channels.

The CHAIRMAN. This is a matter of policy. Would the board say they wouldn't do anything about it unless it can be shown that the bartender or the bar was responsible for the girls being in the place?

Mr. BONELLI. We don't have indictment here by rumor, and so on. That has to be in the form of evidence.

The CHAIRMAN. I was asking you whether an official police report was made to you about that.

Mr. BONELLI. I can't answer that; I do not know.

The CHAIRMAN. Have you had any financial dealings with a man named Roy Huntsman, Mr. Bonelli?

Mr. BONELLI. No.

The CHAIRMAN. You don't know him?

Mr. BONELLI. He was in this case that we have talked about.

The CHAIRMAN. Then I won't ask you anything about that. Now, is there anything else you want to say?

Mr. BONELLI. Not unless I can be helpful to the committee. I hope I have answered everything that I could, in spite of the fact that we have been afield, far afield, a good deal of the time.

The CHAIRMAN. We probably have. Of course, we have matters that we inquire about in other sections and we have to put it all together and try to see the picture we are getting. We have to look at the whole picture.

It is now 11:30 p. m. I am sorry that we have been so late tonight. If we need you again, Mr. Bonelli, we will let you know.

Mr. BONELLI. May I ask a question?

The CHAIRMAN. If some matter comes up we will be able to get in touch with you?

Mr. BONELLI. Yes. Now, Senator, it is not necessary to subject me to a formal subpoena, when it isn't ordinarily done with other peace officers and other law-enforcement people.

The CHAIRMAN. Well, there is nothing disparaging about issuing a subpoena.

Mr. BONELLI. Well, I was the only one singled out, among all the law-enforcement officials and public officials to be served with a subpoena in this State.

The CHAIRMAN. Oh, no; that is not correct.

Mr. BONELLI. Do we get a transcript of the part we are concerned with?

The CHAIRMAN. Yes; you can have a transcript. The reporter will furnish you one but this will be printed within 3 weeks, that is, the whole proceedings.

Mr. BONELLI. You mean the entire record? Is the entire transcript going to appear in print? Well, I would make such a request, if it doesn't burden the committee unnecessarily that we be furnished with a copy.

The CHAIRMAN. Very well, Mr. Bonelli. The committee will now stand in recess until 10 o'clock tomorrow morning.

(Whereupon, at 11:35 p. m., February 27, 1951, a recess was taken until Wednesday, February 28, 1951, at 10 a. m.)

# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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WEDNESDAY, FEBRUARY 28, 1951

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*Los Angeles, Calif.*

The committee met pursuant to recess at 10 a. m. on February 28, 1951, at the Federal Building, Los Angeles, Calif., Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Downey Rice, associate counsel; Harold G. Robinson, chief investigator; William G. Ruymann, special counsel; and Herbert Van Brunt, special representative to the committee.

The CHAIRMAN. The committee will come to order. Before we begin and have our first witness this morning, if there is anyone here whose name may have been brought out in the hearings yesterday who feels that they have been improperly represented, I wish that they would let us know and we will give them a chance to be heard.

I did want to make one other correction for the record. Yesterday, in some colloquy that we had, I said that Mickey Cohen had testified that Vincent Milano loaned him \$25,000 or \$30,000. My attention is called to the fact that that was not so, that that testimony was not given by Mickey Cohen. I have looked over his testimony hurriedly and I do not find that in his testimony. So, undoubtedly he did not say that. I believe in the testimony in one of the internal-revenue officers that Mickey Cohen did tell him that, but I wanted to make the correction as far as our record is concerned. It, apparently, is not in Mickey Cohen's own testimony as far as our hearings are concerned.

Mr. Glasser, will you come around and be sworn?

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GLASSER. I do.

## TESTIMONY OF IRVING G. GLASSER, LOS ANGELES, CALIF.

Mr. RICE. What is your full name, sir?

Mr. GLASSER. Irving G. Glasser.

Mr. RICE. Irving G. Glasser?

Mr. GLASSER. Yes.

Mr. RICE. Where do you live, Mr. Glasser?

Mr. GLASSER. 8439 Sunset Boulevard.

Mr. RICE. Have you ever used any other name?

Mr. GLASSER. No, sir.

Mr. RICE. Are you sure about that?

Mr. GLASSER. Positive.

Mr. RICE. Have you ever used the name of Harris?

Mr. GLASSER. Yes, sir.

Mr. RICE. You did?

Mr. GLASSER. Yes, sir.

Mr. RICE. When was that?

Mr. GLASSER. I don't remember that. It was 21 years ago or 22 years ago; something like that.

Mr. RICE. In what connection did you use the name Harris?

Mr. GLASSER. I was arrested for a violation of the liquor law, a misdemeanor, in 1929.

Mr. RICE. What did that have to do with the name Harris?

Mr. GLASSER. I told you I used the name Harris.

Mr. RICE. When you were arrested was that your name?

Mr. GLASSER. No, sir.

Mr. RICE. Your name is Irving Glasser, isn't it?

Mr. GLASSER. Yes.

Mr. RICE. Where were you born?

Mr. GLASSER. In Manchester, England.

Mr. RICE. Are you a citizen?

Mr. GLASSER. Yes, sir.

Mr. RICE. When and where were you naturalized?

Mr. GLASSER. In Los Angeles, April 4, 1923.

Mr. RICE. Where else were you arrested?

Mr. GLASSER. Nowhere.

Mr. RICE. Where was that where you were arrested?

Mr. GLASSER. In Los Angeles.

Mr. RICE. And that was for a violation of the liquor laws?

Mr. GLASSER. Yes, sir.

Mr. RICE. Now, what do you do for a living?

Mr. GLASSER. I am a bail agent.

Mr. RICE. You are a bail agent?

Mr. GLASSER. And an insurance broker, yes.

Mr. RICE. Where is your office located?

Mr. GLASSER. 239 North Broadway.

Mr. RICE. What is the name of your organization?

Mr. GLASSER. Glasser Bros.

Mr. RICE. Glasser Bros?

Mr. GLASSER. Yes, sir.

Mr. RICE. Who are the brothers associated with you?

Mr. GLASSER. Louis Glasser and myself.

Mr. RICE. Do you have any other businesses?

Mr. GLASSER. No, sir, not at the present time.

Mr. RICE. Not at the present time?

Mr. GLASSER. No.

Mr. RICE. The only business you are in is the bail-bond business; is that correct?

Mr. GLASSER. That is true, yes, sir.

Mr. RICE. How about last year, did you have any other businesses last year, in 1950?



Mr. GLASSER. I don't recall any; no, sir.

Mr. RICE. You do not recall any?

Mr. GLASSER. No, sir.

Mr. RICE. Do you know a man by the name of Phil Tapper?

Mr. GLASSER. Very well, yes.

Mr. RICE. Very well?

Mr. GLASSER. Yes.

Mr. RICE. What does he do?

Mr. GLASSER. I don't know what he does at the present time.

Mr. RICE. What did you know him to do in previous years? You know him very well. What business was he in?

Mr. GLASSER. He has been a sick man for quite some time.

Mr. RICE. Is he in the sick business?

Mr. GLASSER. I didn't say in the sick business; I say that he is a sick man.

Mr. RICE. What business do you know him to have been in? I didn't hear your answer, Mr. Glasser.

Mr. GLASSER. I didn't give you any answer.

The CHAIRMAN. If you know, state that, and if you don't know just say you don't know.

Mr. GLASSER. I don't know specifically of any business that he is in at the present time.

Mr. RICE. Going back to the time when you did know him to be in business, do you know what business he was engaged in?

Mr. GLASSER. Well, I believe he was in the bingo business.

Mr. RICE. In the what business? Did you say in the bingo business?

Mr. GLASSER. Yes, sir.

Mr. RICE. Now we are getting somewhere.

Mr. GLASSER. Yes.

Mr. RICE. You were in the bingo business with him, weren't you? Were you in any bingo business with him?

Mr. GLASSER. Yes, sir.

Mr. RICE. Which one was that, or which ones were those?

The CHAIRMAN. Give us your best information.

Mr. GLASSER. When I say Mr. Tapper, I might be misstating myself, because Mr. Van Brunt and I went over all this and your records will disclose there that I believe under the license, which was permitted by the city of Los Angeles, he, himself, did not show as having an interest. I believe it was in the name of his wife, Mrs. Tapper.

Mr. RICE. What is that? What business are you speaking of now about which he didn't show as having an interest?

Mr. GLASSER. I believe that was in the bridgo.

Mr. RICE. What was the name of the bridgo.

Mr. GLASSER. The name of the bridgo was the Fortune.

Mr. RICE. The Fortune?

Mr. GLASSER. That is right; yes, sir.

Mr. RICE. Were you in the Fortune?

Mr. GLASSER. Yes, sir; I was the operator.

Mr. RICE. You were the one that was on the license; isn't that true?

Mr. GLASSER. That is true, a license issued by the city of Los Angeles, a duly qualified licensing body. The conduct and operation of bridgo games in the amusement zone at the beach was under license by the constituted authorities and the operation as well and the supervision of

same were with the knowledge of the law-enforcement agencies of the city, county, and State. It was legalized under an opinion rendered by the city attorney of Los Angeles and that no accusations of any kind have been made against the method of their operation. That the licenses were voluntarily surrendered and have not been renewed. The case of *Brown v. The Police Commissioner* (58 Cal. Appellate 473)——

Mr. RICE. Are you reading something?

Mr. GLASSER. Just a minute, sir.

Mr. RICE. Are you reading something?

Mr. GLASSER. I am.

Mr. RICE. What are you reading?

Mr. GLASSER. My typewritten notes.

Mr. RICE. Did you type that up yourself?

Mr. GLASSER. Yes; I wish you wouldn't interrupt me.

The CHAIRMAN. He just asked you if you were reading something.

Mr. GLASSER. It is quite obvious I am reading.

The CHAIRMAN. You have it behind some other things; we didn't know for sure if you were reading.

Mr. GLASSER. Pardon me, Senator. The licenses were voluntarily surrendered and have not been renewed and under the Brown decision of the State of California, it holds these games to be legal.

The CHAIRMAN. Now, Mr. Glasser, you didn't get that up, did you?

Mr. GLASSER. I didn't get this up?

The CHAIRMAN. Did you?

Mr. GLASSER. Why not?

The CHAIRMAN. You are not a lawyer. I just wondered why you were citing cases.

Mr. GLASSER. That is a case that has been cited, Senator, for the past 4 or 5 years, whenever a question comes up about bridgo, which is legal and licensed by the licensing body of this present administration.

The CHAIRMAN. Did someone help you write this up on a card and tell you what to write?

Mr. GLASSER. No; I just went over this with some people. Before I left my office I made a notation to make sure that I, at least, put these things into the record.

The CHAIRMAN. Put what into the record?

Mr. GLASSER. That we weren't running an illegitimate business.

The CHAIRMAN. With whom did you go over this?

Mr. GLASSER. A girl in my office.

The CHAIRMAN. You composed what is on there yourself?

Mr. GLASSER. Yes, sir.

The CHAIRMAN. All right.

Mr. GLASSER. I composed most of it.

The CHAIRMAN. Who composed the rest of it?

Mr. GLASSER. We all got together.

The CHAIRMAN. Who got together?

Mr. GLASSER. The girl in my office.

The CHAIRMAN. The girl in your office and who else?

Mr. GLASSER. Myself and whoever was sitting around there.

The CHAIRMAN. Who was sitting around there?

Mr. GLASSER. I don't remember, but there were quite a few people in this morning and we were just talking.

The CHAIRMAN. Who were some of them? It has just been this morning; you should remember them.

Mr. GLASSER. Well, I talked to George Klinemore, who was in my office, and Jules Kovey, and Miss Greines.

Mr. RICE. How do you spell that?

Mr. GLASSER. Spell what?

Mr. RICE. The last name you gave.

Mr. GLASSER. G-r-e-i-n-e-s.

The CHAIRMAN. Who else was in your office?

Mr. GLASSER. That is about all I can think of.

The CHAIRMAN. Think hard and let's have the rest of the names. Who else was in your office?

Mr. GLASSER. I can't think of anyone else.

The CHAIRMAN. Were there some other people there?

Mr. GLASSER. Well, they could have walked in and out.

The CHAIRMAN. Why would you have been in a conference with all these people this morning?

Mr. GLASSER. We weren't having a conference, Senator.

The CHAIRMAN. All right, proceed.

Mr. RICE. The Fortune, where was that located?

Mr. GLASSER. 1501 Ocean Front, Venice, Calif., an amusement zone of Los Angeles city.

Mr. RICE. Who were the participants in the ownership of the Fortune?

Mr. GLASSER. I was the operator.

Mr. RICE. Who were the owners; who had an interest in it? Who was going to make the money out of it and who did make money out of it?

Mr. GLASSER. I was the operator under a trust agreement, which I think you have there in front of you.

Mr. RICE. What is that?

Mr. GLASSER. I believe it is in front of you who the owners are or the people who had an interest in it. Isn't that in front of you?

Mr. RICE. No.

Mr. GLASSER. Well, I thought you had a paper with that information.

The CHAIRMAN. Just tell us who they were.

Mr. RICE. Who were the people involved in the ownership phase of it? Who were your partners or associates?

Mr. GLASSER. I was the operator.

Mr. RICE. You were the operator?

Mr. GLASSER. We have that on record.

Mr. RICE. Who were the other people?

Mr. GLASSER. Well, this was under a trust agreement. There was Mary Louise Powell, who was the trustee under the trust agreement.

Mr. RICE. Is Mary Louise Powell a single woman?

Mr. GLASSER. No; she is a married woman.

Mr. RICE. Is that her married name?

Mr. GLASSER. I believe that is her maiden name.

Mr. RICE. What is her married name?

Mr. GLASSER. Utley; it should be Utley.

Mr. RICE. Jim Utley's wife?

Mr. GLASSER. Yes, sir.

Mr. RICE. Who else?

Mr. GLASSER. L. I. Birnbaum.

Mr. RICE. Who is L. I. Birnbaum?

Mr. GLASSER. My brother-in-law.

Mr. RICE. Who else?

Mr. GLASSER. Harvey Byron.

Mr. RICE. Who is he?

Mr. GLASSER. My nephew.

Mr. RICE. Who else?

Mr. GLASSER. George Craddock.

Mr. RICE. Who is George Craddock?

Mr. GLASSER. He is a businessman and the manager of the place.

Mr. RICE. What sort of business is he in?

Mr. GLASSER. He is manager of the bridge parlor.

Mr. RICE. He is not doing that now, is he?

Mr. GLASSER. The place has voluntarily surrendered their license and did that last year sometime.

Mr. RICE. Who else is in the Fortune?

Mr. GLASSER. Marvin Byron.

Mr. RICE. Is he a relative of Harvey Byron?

Mr. GLASSER. He is his brother and my nephew.

Mr. RICE. Who else, sir?

Mr. GLASSER. Louis Glasser.

Mr. RICE. Louis Glasser?

Mr. GLASSER. Yes.

Mr. RICE. That is your brother; is that correct?

Mr. GLASSER. Yes.

Mr. RICE. All right, sir. Anyone else?

Mr. GLASSER. Will you read the names off to me?

Mr. RICE. Powell, Birnbaum, the two Byrons, Craddock, and Louis Glasser.

Mr. GLASSER. Also Winnie Greines.

Mr. RICE. That is the young lady you mentioned a few moments ago as being in your office?

Mr. GLASSER. Yes, sir.

Mr. RICE. Who else?

Mr. GLASSER. Rose Fisher.

Mr. RICE. And who is Rose Fisher?

Mr. GLASSER. I believe she is the wife of Mr. Kleiger.

Mr. RICE. Mr. who?

Mr. GLASSER. Mr. Kleiger. I am not sure about that.

Mr. RICE. Is that Max Kleiger?

Mr. GLASSER. Yes, sir.

Mr. RICE. Does she go under the name of Fisher?

Mr. GLASSER. That is the name I know her by; yes, sir.

Mr. RICE. Now, is there anyone else, sir?

Mr. GLASSER. Read them to me and I will try to remember if there are any more. I am not writing them down.

Mr. RICE. I will have to make you do some of the work.

The CHAIRMAN. Let's proceed, gentlemen.

Mr. RICE. Mary Louise Powell, L. I. Birnbaum, the two Byrons, George Craddock, Rose Fisher, Louis Glasser, Winnie Greines, and yourself.



Mr. GLASSER. You can add the name Kleiger but I am not sure about that.

Mr. RICE. Now, these are the people who put up the money to organize this venture?

Mr. GLASSER. I believe so; yes.

Mr. RICE. You believe so?

Mr. GLASSER. Yes.

Mr. RICE. What type of an organization is this? Is it a corporation or a partnership, or what is it?

Mr. GLASSER. You couldn't call it a partnership, Mr. Rice, I don't believe.

Mr. RICE. What did they do? By the way, do they each have a percentage?

Mr. GLASSER. The best way I can answer that, without trying to evade your question, is that there was an operation agreement. There was a trust agreement and an agreement to terminate the trust, and I believe there was an agreement as to what percentage of the profits go to each individual person.

Mr. RICE. Who handled the preparation of these agreements?

Mr. GLASSER. I don't know what you mean by that.

Mr. RICE. Who drew up the agreements? Who prepared them?

Mr. GLASSER. An attorney.

Mr. RICE. What was his name?

Mr. GLASSER. Edmund Cook.

Mr. RICE. Edmund Cook?

Mr. GLASSER. Yes, sir.

Mr. RICE. Now, do you have copies of these agreements?

Mr. GLASSER. Well, I imagine I have but I am not sure about it.

Mr. RICE. Let's do better than imagine.

Mr. GLASSER. We can't do any better than that because, as I told Mr. Van Brunt when I brought in all the papers, if anything wasn't there I would be glad to cooperate with him and get anything he wanted.

Mr. RICE. Were you the trustee under this?

Mr. GLASSER. No, sir; I was the operator.

Mr. RICE. You were the operator?

Mr. GLASSER. Under an operation agreement; yes.

Mr. RICE. You were the operator for these people; is that correct?

Mr. GLASSER. Well, I don't know about these people, but I was the operator.

Mr. RICE. You were the operator; is that right?

Mr. GLASSER. Well, you are getting a little technical for me.

Mr. RICE. I don't want to get too technical. I just want to find out how this works.

Mr. GLASSER. I am explaining it to the best of my ability.

Mr. RICE. Did these people have a corporation? What was the arrangement about this?

Mr. GLASSER. I don't believe this was a corporation, Mr. Rice.

Mr. RICE. What kind of an agreement was it? Was it just an oral agreement among themselves?

Mr. GLASSER. No; there were written instruments.

Mr. RICE. What did they put up to get their interest in this?

Mr. GLASSER. Their proportionate share of the moneys.

Mr. RICE. They put up money; is that correct?

Mr. GLASSER. Yes.

Mr. RICE. Each of them put up some money?

Mr. GLASSER. Yes.

Mr. RICE. What did they get in return for the money? What type of a receipt? Did they get stock certificates?

Mr. GLASSER. You couldn't get a stock certificate because it wasn't a corporation.

Mr. RICE. What did they get?

Mr. GLASSER. I imagine they would get a contract or an agreement signed.

Mr. RICE. You mean they got a copy of the agreement? Each of them has a copy of this agreement?

Mr. GLASSER. Yes; that is true.

Mr. RICE. What did the agreement say?

Mr. GLASSER. I wouldn't remember, Mr. Rice.

Mr. RICE. Did the agreement agree to hire you as the operator?

Mr. GLASSER. That is right, that is true, and as an independent contractor.

Mr. RICE. As an independent contractor?

Mr. GLASSER. Yes; that I remember.

Mr. RICE. You remember that, do you?

Mr. GLASSER. Yes.

Mr. RICE. So you are now an independent contractor and operator; is that correct?

Mr. GLASSER. Yes.

Mr. RICE. And also acted as agent for these people?

Mr. GLASSER. I don't know about that. There is a trust agreement where I was supposed to perform my duties and there was also an indemnity agreement where I signed the lease that I would not be—if there was a loss, they would pay their proportionate shares.

Mr. RICE. They would pay their proportionate shares?

Mr. GLASSER. Yes.

Mr. RICE. So they guaranteed you against loss?

Mr. GLASSER. Yes, sir.

Mr. RICE. What were your arrangements? How were you hired? Were you paid on a salary?

Mr. GLASSER. No salary; no. It was 9 percent for operating, I believe, and 9 percent under the trust agreement; I am not too sure of that. I had 18 percent. I am not too positive of that, Mr. Rice.

Mr. RICE. You had 18 percent of what?

Mr. GLASSER. Of the Fortune.

Mr. RICE. Of the Fortune?

Mr. GLASSER. Yes, sir.

Mr. RICE. Of what part of the Fortune did you have 18 percent?

Mr. GLASSER. What do you mean by that?

Mr. RICE. Did you have 18 percent of the building or the profits, or what?

Mr. GLASSER. Eighteen percent of the profits.

Mr. RICE. Eighteen percent of what they made?

Mr. GLASSER. I think that is right; yes, sir.

Mr. RICE. But you had no salary arrangement?

Mr. GLASSER. No, sir.

Mr. RICE. So you were participating in the profits then; is that right?

Mr. GLASSER. That is true.

Mr. RICE. Do you remember the percentages of the other persons?

Mr. GLASSER. If you call the names off I might be able to give it to you that way. Just call the names off, Mr. Rice.

Mr. RICE. How about Powell?

Mr. GLASSER. You mean Mary Louise Powell?

Mr. RICE. Yes.

Mr. GLASSER. As far as we are concerned, Utley doesn't appear in this picture whatsoever.

Mr. RICE. I understand that.

Mr. GLASSER. Yes. Do you understand that?

Mr. RICE. Yes.

Mr. GLASSER. Fine. I think the percentage for her was 13 percent.

Mr. RICE. And how about Birnbaum?

Mr. GLASSER. Five percent.

Mr. RICE. And Harvey Byron?

Mr. GLASSER. One percent.

Mr. RICE. One percent?

Mr. GLASSER. Yes.

Mr. RICE. How about his brother?

Mr. GLASSER. Two percent.

Mr. RICE. How about Louis Glasser?

Mr. GLASSER. Thirteen percent.

Mr. RICE. And Winnie Greines?

Mr. GLASSER. Five percent.

Mr. RICE. And Rose Fisher?

Mr. GLASSER. Eighteen percent. Now, does that add up to 100 percent?

Mr. RICE. Well, I kind of doubt it.

Mr. GLASSER. Add it and see. I may have missed something in there.

Mr. RICE. Well, in any event that is approximate; is it?

Mr. GLASSER. Yes.

Mr. RICE. Well, it doesn't add up to a hundred.

Mr. GLASSER. Well, perhaps I have made a mistake. Maybe you are not very good at addition. Let me see the list; maybe I can correct it.

Mr. RICE. Well, maybe you won't be able to read my writing.

Mr. GLASSER. I am doing all right.

Mr. RICE. Well, we have the records, anyway. That is sufficient for us. By the way, who kept the books for the Fortune?

Mr. GLASSER. Harry Sackman.

Mr. RICE. Harry Sackman?

Mr. GLASSER. Yes, sir.

Mr. RICE. Did he keep day-to-day books? By the way, who is Harry Sackman? Is he an accountant, a tax man?

Mr. GLASSER. Yes, sir.

Mr. RICE. The same man that was indicted in the Guarantee Finance case?

Mr. GLASSER. Yes, sir. Just a minute, Mr. Rice. Let's give the man a fair shake. The indictment was dismissed against him.

Mr. RICE. The indictment has been dismissed against him?

Mr. GLASSER. That is true, yes.

Mr. RICE. Did you handle his bail when he was indicted?

Mr. GLASSER. Yes.

Mr. RICE. Who kept the day-to-day books at the Fortune? Sackman just kept the recaps, the monthly statements: isn't that correct?

Mr. GLASSER. I am not acquainted with that, Mr. Rice.

Mr. RICE. Well, you had 18 percent?

Mr. GLASSER. That is true, yes.

Mr. RICE. Who was keeping track of your percentage?

Mr. GLASSER. Someone in the office there handled the books; I don't know offhand who it was.

Mr. RICE. You do not know who was keeping the books?

Mr. GLASSER. No, sir. I believe the daily sheets and all were sent to Mr. Sackman. I am not sure about that, sir.

Mr. RICE. How did you keep them from cheating you if you didn't know who was keeping the books? With whom did you check?

Mr. GLASSER. They have to put down the receipts of every game.

Mr. RICE. Who is "they?"

Mr. GLASSER. The girls that work in the pit and the men that check them and all.

Mr. RICE. Who takes care of checking those receipts? They keep a daybook there, don't they?

Mr. GLASSER. Well, everything is in order.

Mr. RICE. Who was in charge?

Mr. GLASSER. Mr. Craddock.

Mr. RICE. He kept the day-to-day books?

Mr. GLASSER. I don't know what books he kept, Mr. Rice.

Mr. RICE. In any event, if there were any records there he would be in charge of them; is that right?

Mr. GLASSER. I would imagine so, yes, sir.

Mr. RICE. What was your function there in the game itself?

Mr. GLASSER. Just the operator.

Mr. RICE. You were just the operator?

Mr. GLASSER. That is all.

Mr. RICE. What does an operator do?

Mr. GLASSER. Well, he has many duties according to the contract.

Mr. RICE. What did you do? Did you go there every day?

Mr. GLASSER. No. I went there whenever I could conveniently.

Mr. RICE. What would you do when you went there?

Mr. GLASSER. Just talked to Mr. Craddock and would go about my business.

Mr. RICE. Did you do any hiring and firing?

Mr. GLASSER. No, sir.

Mr. RICE. To all intents and purposes Mr. Craddock was the boss there; is that right?

Mr. GLASSER. Yes, sir; I would say he was the manager.

Mr. RICE. Your name was on the application, that is about all that amounted to: is that right?

Mr. GLASSER. Yes.

Mr. RICE. What about the bank account? Where did you keep the bank account for the Fortune?

Mr. GLASSER. In Venice.

Mr. RICE. In Venice?



Mr. GLASSER. Yes.

Mr. RICE. In what bank?

Mr. GLASSER. I think it was the Security-First National Bank.

Mr. RICE. In the Security-First National Bank?

Mr. GLASSER. Yes, sir.

Mr. RICE. Who was in charge of writing checks or signing checks?

Mr. GLASSER. Mr. Craddock.

Mr. RICE. Did you have to countersign the checks?

Mr. GLASSER. I may have had authority to, but I never did.

Mr. RICE. Now, how frequently did you receive your percentage?

Mr. GLASSER. I imagine about once a month.

Mr. RICE. About once a month they would make a distribution; is that right?

Mr. GLASSER. He would send me a check from there for me to distribute.

Mr. RICE. What would he send you?

Mr. GLASSER. He would send me a check from his account for me to distribute it.

Mr. RICE. He would send you a check from his account, which is the Fortune account, to you to distribute?

Mr. GLASSER. Yes. I had another account in Los Angeles under the name of the Fortune and I would write the checks out to these people.

Mr. RICE. You had an account under the name of the Fortune; is that correct?

Mr. GLASSER. Yes.

Mr. RICE. Where was that?

Mr. GLASSER. The Union Bank at Eighth and Hill Streets in Los Angeles.

Mr. RICE. You were the one that wrote the checks on that account?

Mr. GLASSER. Yes, sir.

Mr. RICE. So I take it, now, that Craddock would draw checks to you and you would receive them, then deposit them in the Union Bank, and then what would you do with the money?

Mr. GLASSER. Distribute it according to the figures.

Mr. RICE. You mean according to the arrangement?

Mr. GLASSER. Yes, sir.

Mr. RICE. Why was that? Why didn't Craddock just go ahead and draw checks to these various people without taking this extra step in there?

Mr. GLASSER. There is nothing mysterious about it. That is the way we happened to run the business.

Mr. RICE. You just happened to put an extra step in there; is that right?

Mr. GLASSER. Call it what you like, but I thought that would be the proper way to run the business, for him to mail me the check and for me to distribute it.

Mr. RICE. Wouldn't it have been much simpler for him to draw the check to the interested parties?

Mr. GLASSER. It could have been; yes.

Mr. RICE. Is that the best explanation you have for that?

Mr. GLASSER. Yes, sir.

Mr. RICE. It couldn't be that it was an effort to cover up what was happening; could it have been?

Mr. GLASSER. Not a chance in the world. What reason would you want to cover up a thing like that for?

Mr. RICE. I couldn't imagine.

Mr. GLASSER. I couldn't either.

Mr. RICE. All right, sir. Let's take a look at some of these here. Let's take a look at some of these checks that I have in front of me here. I see here a couple of checks drawn on the Fortune account at the Security Bank over the signature of George Craddock dated March 21, 1949, in the amount of \$100, and one dated April 4, 1949, in the amount of \$100 to cash, both of them marked up in the corner "Political fund," and endorsed by Marie Essel.

Mr. GLASSER. I have the checks right here.

Mr. RICE. You have the checks?

Mr. GLASSER. Yes, sir. Now, you said April 4?

Mr. RICE. Yes.

The CHAIRMAN. Well, we have the photostats here. Just look at the photostats.

Mr. GLASSER. I wanted to make sure that I had the originals here. What do you want to know, sir?

Mr. RICE. What are those checks drawn for and what is the reason for them?

Mr. GLASSER. What is my reason for them?

Mr. RICE. Who is Marie Essel?

Mr. GLASSER. Marie Essel is the girl that works at the Fortune; she is employed there.

Mr. RICE. She is an employee there?

Mr. GLASSER. Yes, sir.

Mr. RICE. I see the checks are drawn to the political fund up in the corner here. What does that mean?

Mr. GLASSER. Well, I imagine it is self-explanatory. I couldn't explain it to you any more than you could explain it to me, I suppose. The next one says "Political campaign."

Mr. RICE. Political campaign?

Mr. GLASSER. One says "Political fund," and the other one says "Political campaign."

Mr. RICE. What does that mean? You had an interest in the profits, didn't you?

Mr. GLASSER. That is true.

Mr. RICE. These, I take it, are expenses so obviously you would have an interest in any expenses, wouldn't you?

Mr. GLASSER. These are expenses that are not deductible.

Mr. RICE. Not deductible?

Mr. GLASSER. Yes.

Mr. RICE. Where does the money go?

Mr. GLASSER. Where does this money go, you mean?

Mr. RICE. Yes.

Mr. GLASSER. Well, I will have to preface my answer, if you will let me. It is very simple. There were nine checks that Mr. Van Brunt found among the hundreds of checks that were written on this account by Mr. Craddock. On December 5, Mr. Van Brunt brought those checks to my office and returned them to me. He asked me practically the same questions you are asking me now.

Mr. RICE. All right, sir, where did they go? Where did the money go?

Mr. GLASSER. I can't explain where the money went to. Wouldn't it be best to ask Mr. Craddock?

Mr. RICE. Let's ask you.

Mr. GLASSER. I know, but wouldn't he be the proper man?

Mr. RICE. Where did the money go, if you know?

The CHAIRMAN. Well, you held the license and the thing was in your name. I suppose you are responsible. Tell us what happened to the money.

Mr. GLASSER. All I can tell you, Senator, is what Mr. Van Brunt asked me to ask Mr. Craddock, which I did.

The CHAIRMAN. Tell us what the information is. It was your business.

Mr. GLASSER. Here is what Mr. Craddock told me, Senator. Mr. Craddock told me, and if my memory serves me right, I wrote it down in longhand and typed it myself. To the best of my recollection Mr. Craddock told me that between—what is the first check, what is the date of the first check?

The CHAIRMAN. You have them there.

Mr. GLASSER. There are other checks besides this. What is the first date? Isn't it February, or something like that?

Mr. RICE. Yes, we have some checks in February; February 21.

Mr. GLASSER. Is that the first one? No, there is one before that.

Mr. RICE. What is your point?

Mr. GLASSER. The point is I want to account for the checks. It is very simple if you will let me.

Mr. RICE. Go ahead and account for them.

Mr. GLASSER. May I have the date of the first check?

Mr. RICE. So far as I know it is February 7.

Mr. GLASSER. All right, fine. On February 7 until April 5, or April 4, there were nine checks written for \$100 each. One says "Political fund," on it and the other eight say, in the left-hand corner, "Political campaign." Pursuant to Mr. Van Brunt's request—

The CHAIRMAN. Now, Mr. Glasser, we have been over all that. Just tell us what the contributions were for.

Mr. GLASSER. Here is what he told me, that there was a general election being held at that time. Ten men were running for mayor of the city of Los Angeles. Over 100 people filed for the primary election. There were 10 men running for mayor. There were 18 municipal court judges running for reelection; there were 15 members of the city council.

Mr. RICE. Are you reading from something?

Mr. GLASSER. Yes; I have it right here.

Mr. RICE. What is that?

Mr. GLASSER. I got this that I typed up myself. I got this information from the city hall, from the election board.

Mr. RICE. This isn't what Mr. Craddock supplied you with, is it?

Mr. GLASSER. The information, what he did with it, he supplied to me and pursuant to those dates I found out what was in progress.

Mr. RICE. Go ahead, sir.

Mr. GLASSER. There was a general election and that was held on May 31, 1949. Mayor Bowron was among the incumbents and was the



successful candidate for mayor at that time. During the election Mr. Craddock saw fit to take out \$100 a week and he made the checks out to reimburse himself for the money that he had laid out.

Mr. RICE. When did he lay this money out?

Mr. GLASSER. He said he gave it to different political workers and he used the word as "touches."

Mr. RICE. Touches?

Mr. GLASSER. Yes, sir.

Mr. RICE. Are we to assume, then, that these are political workers for the candidates for mayor?

Mr. GLASSER. No, I wouldn't say that, Mr. Rice; I wouldn't say that and I have no knowledge of that.

Mr. RICE. Is it possible these workers wore badges?

Mr. GLASSER. That I don't think so. What do you mean by that?

Mr. RICE. What do you think I mean?

Mr. GLASSER. I don't think; I would like to know. What do you mean by that?

Mr. RICE. Who got the money? The checks are endorsed by Marie Essel.

Mr. GLASSER. Two checks were endorsed by Marie Essel and the other checks were not endorsed and Mr. Craddock told me that he took the money to reimburse himself for money that he laid out. The reason this was put on there was to make sure that the auditor wouldn't deduct it as it was not a deductible expense.

Mr. RICE. Why did he draw the check to Marie Essel?

Mr. GLASSER. He did not draw them.

Mr. RICE. Why did she endorse them, then?

Mr. GLASSER. Because it says, "No endorsement; cashed out of the week's receipts." Then it says here, "She endorsed the checks and got the money and give it to me," meaning Mr. Craddock.

Mr. RICE. Say that again real slow; I don't follow you.

Mr. GLASSER. Well, I don't have to read this. I will try and repeat what he said. There were three checks among the nine that are endorsed by Marie Essel. It was my recollection that he said that she cashed the checks for him and gave him the money.

Mr. RICE. Now, we are talking about a man who is a manager of this place. He draws a check, draws them to cash and in order for him to get the cash he has to have it endorsed by Marie Essel. It that the idea?

Mr. GLASSER. That is not true at all.

Mr. RICE. What is true? What is her name doing on there?

Mr. GLASSER. Well, the explanation is that she endorsed the checks and got the \$100 and gave it to Mr. Craddock to reimburse him for the \$100 he laid out on that certain check. The only place she could have gone to cash the check is some place or other and we deposited in her account and show that she got the money and what she did with it.

Mr. RICE. Wouldn't it have been very simple to either draw the check to the candidate or the campaign fund directly, or to take a receipt from the person who received the money as a supporting item in the books?

Mr. GLASSER. Mr. Rice, I am not very conversant with that phase of it.



Mr. RICE. I understand.

Mr. GLASSER. I am not conversant with that phase of it at all, but if these were political contributions to an individual, no doubt you would put down the name of the candidate or the name of the party, or whatever it is, and it would be on there. But this man wanted to reimburse himself, Mr. Craddock, for the money he laid out, and this is the only way he could do it.

Mr. RICE. So it wasn't a political contribution, then, was it? You said if he was doing it he would do it the other way.

Mr. GLASSER. I didn't say if he was doing it.

Mr. RICE. Now, who actually got the money? Who actually received the cash?

Mr. GLASSER. That I do not know.

Mr. RICE. You don't know the names of any individuals who received the cash?

Mr. GLASSER. No, sir.

Mr. RICE. Can you find that out?

Mr. GLASSER. No, sir; I don't think I can.

Mr. RICE. That cannot be found out?

Mr. GLASSER. I don't say that. I can ask; I will be happy to do anything for you.

Mr. RICE. There is no place in your books and records which will show who actually received that cash?

Mr. GLASSER. Not from the explanation that Mr. Craddock gave to me. Over a period of these weeks he laid out \$10 and \$20 at a time to different people.

Mr. RICE. Were these different moochers?

Mr. GLASSER. I don't use those words. I wouldn't call them moochers or anything else.

Mr. RICE. So there was a total of nine checks all told; is that correct?

Mr. GLASSER. Yes, sir.

Mr. RICE. All right, sir. We have looked over some of your records, as you know, and there are a few other organizations with which you were associated. Now, some of those were, and correct me if I am wrong, one was the Clover Club; is that correct?

Mr. GLASSER. That is right; yes.

Mr. RICE. That was another bridgo or bingo outfit?

Mr. GLASSER. No. Do you want to tell him about that, Mr. Robinson?

Mr. ROBINSON. You tell him; you are testifying.

Mr. GLASSER. All right, I will tell him. It was a restaurant and it was in the county of Los Angeles.

The CHAIRMAN. The Clover Club. Did that place have gambling in the back of it?

Mr. GLASSER. It had some gambling; yes, sir.

The CHAIRMAN. When was that?

Mr. GLASSER. I think that was around 1935 or 1936, Senator.

The CHAIRMAN. You had it much later than that, didn't you?

Mr. GLASSER. I don't think so. If it shows there, yes, but I am not positive of the dates, anyway. It was around 1935 or 1936.

Mr. RICE. That was in the county of Los Angeles, wasn't it?

Mr. GLASSER. That was; yes, sir.

Mr. RICE. How about the Little Troc?

Mr. GLASSER. What about it?

Mr. RICE. Did you have an interest in the Little Troc?

Mr. GLASSER. I believe we had the checkroom there.

Mr. RICE. Who is "we"?

Mr. GLASSER. Well, Mr. Tapper and myself and the Pennant Enterprises, and I believe we had the checkroom there.

Mr. RICE. You had the checkroom?

Mr. GLASSER. Yes.

Mr. RICE. Was the Pennant Enterprises a checkroom organization?

Mr. GLASSER. Well, it was at one time; yes, sir.

Mr. RICE. It was at one time?

Mr. GLASSER. That is right; yes.

Mr. RICE. We will go into that a little later.

Mr. GLASSER. I know we will go into that; that is a cinch.

Mr. RICE. How about the Prairie Club?

Mr. GLASSER. That was a legalized card game.

Mr. RICE. You had an interest in that, did you?

Mr. GLASSER. Yes.

Mr. RICE. And the Resort Club?

Mr. GLASSER. In 1935 or 1936.

Mr. RICE. How about the Resort Club?

Mr. GLASSER. I never heard of that. I was referring to the other one that you asked me about in 1935 or 1936.

Mr. RICE. You never heard of the Resort Club?

Mr. GLASSER. I have never heard of that.

Mr. RICE. You say you never heard of the Resort Club?

Mr. GLASSER. No.

Mr. RICE. Then obviously you did not have an interest in it.

Mr. GLASSER. If you give me another description of it, maybe I can tell you about it.

Mr. RICE. How about the Surf in Venice?

Mr. GLASSER. Yes.

Mr. RICE. You had an interest in the Surf, did you?

Mr. GLASSER. Yes.

Mr. RICE. Did you have a percentage in that place?

Mr. GLASSER. Yes, sir.

Mr. RICE. Now, what type of club was that?

Mr. GLASSER. Legalized bridgo.

Mr. RICE. Legalized bridgo?

Mr. GLASSER. Yes, sir.

Mr. RICE. How about the Rose Bridgo at Venice; did you have an interest in that?

Mr. GLASSER. Yes.

Mr. RICE. That was the same thing, was it?

Mr. GLASSER. Yes.

Mr. RICE. How about the Lodge at Venice?

Mr. GLASSER. Yes, sir.

Mr. RICE. And you had an interest in that?

Mr. GLASSER. Yes.

Mr. RICE. That was the same type of an operation, was it?

Mr. GLASSER. Yes.

Mr. RICE. How about the Lodge at Stockton, Calif.?

Mr. GLASSER. Is that the name of it, Mr. Robinson?

Mr. ROBINSON. You are testifying, Mr. Glasser, and I am not.

Mr. GLASSER. I wouldn't know the name of it. I think I told Mr. Van Brunt about that.

Mr. RICE. In any event, you had an interest in a bridgo game at Stockton?

Mr. GLASSER. That is true; yes, sir.

Mr. RICE. In all of these places you had a piece or a percentage; is that right?

Mr. GLASSER. That is true; yes, sir.

Mr. RICE. Then in reviewing some of these records, I notice that on the checks on the Bank of America in connection with the Lodge Bridgo at Venice, I notice a check drawn to the California State Sheriffs' Association. What was that for?

Mr. GLASSER. I have no knowledge of that, Mr. Rice. I never kept the books. You can see what my interest is. I really have no knowledge of that.

Mr. RICE. As far as you are concerned that is an expense which is properly chargeable against your account?

Mr. GLASSER. I imagine so, yes.

Mr. RICE. It would affect your profits, or your percentage, wouldn't it?

Mr. GLASSER. Sure, yes.

Mr. RICE. And that was all right with you?

Mr. GLASSER. Yes; it was.

Mr. RICE. Now, I notice in the Rose Bridgo there is a check drawn to the Mounted Police Reserve Corps. Is that the same thing as the other one?

Mr. GLASSER. Yes, sir. Mr. Rice, you understand that these places, that I didn't issue any checks nor did I know anything about them except that it was absolutely all right with me. I won't say that I objected to anything that they did that was legal.

Mr. RICE. A while back you had Craddock sending you the money for you to disburse; isn't that correct?

Mr. GLASSER. I do that; I do that with the Rose Bridgo, too. That is how I conduct my business, Mr. Rice.

The CHAIRMAN. Well, did you do that with most of these places that you were interested in?

Mr. GLASSER. Only the two places that I had the licenses in, Senator.

The CHAIRMAN. While we are on the subject of the licenses, Mr. Glasser, we had the license signed by you yesterday. Where is that?

Mr. ROBINSON. Here it is, Senator.

The CHAIRMAN. I just wondered how you justify getting by with this. You had two applications or you held two applications.

Mr. GLASSER. Yes, sir.

The CHAIRMAN. This seems to be a photostatic copy of the one at 1501 Ocean Front in Venice. What was the name of that place?

Mr. GLASSER. The Fortune.

The CHAIRMAN. The Fortune?

Mr. GLASSER. Yes, sir.

The CHAIRMAN. Then we come down to a question here on the application: "Is this a partnership?" Then the answer is given as "No."

Then the next question is, "If so, give names of all partners," and that is left blank. How do you justify being the front for a bunch of

fellows like this? You had in the Fortune, I believe, 18 percent and somebody else, or these other people, had all the rest of it.

Mr. GLASSER. Well, there is no justification, if you are asking for an explanation, I will be happy to give it to you, if you want an explanation.

The CHAIRMAN. What is the explanation?

Mr. GLASSER. That I received the license as the operator, and not as the sole owner and not as the owner, but as the operator only.

The CHAIRMAN. It is supposed to be in your name and it is supposed to be your business. Here it turns out that you are taking a lot of other people in with you.

Mr. GLASSER. That is why I explained that.

The CHAIRMAN. How would there be any way for the public officials to find out who the real owners are if something goes wrong, and who is going to be responsible for it if you make the application as you did, and then take in some other people with you who do not show on the application at all? We have cases here where somebody may have a long criminal record and be a bad citizen and then get someone to make an application in their name and divide it up with the person. Here is one at 301 Ocean Front. What is that? Is that the Rose Bridge?

Mr. GLASSER. Yes, sir.

The CHAIRMAN. This is dated January 10, 1949. Is this a partnership?

Mr. GLASSER. No.

The CHAIRMAN. Let me read from the application: "Is this a partnership? No." Then the next question is: "If so give names of all the partners."

Now, is that the same situation with respect to that?

Mr. GLASSER. Senator, that was all explained to the properly constituted authorities.

The CHAIRMAN. I know, but I am asking the explanation now.

Mr. GLASSER. That is right. In other words, the type of agreement, and I have it down here, the type of agreement from my point of view, and in my attorney's opinion, more clearly establishes my position as an operator in conformity with the municipal code.

Mr. RICE. All right sir. Suppose someone like Captain Hamilton, or shall we say Sheriff Biscailuz, was interested in finding out who the true owners were of the Fortune. How would they go about doing that on the public records?

Mr. GLASSER. That I couldn't answer.

Mr. RICE. That would not be anywhere on the public records, would it?

Mr. GLASSER. Unless there are some other papers besides this.

Mr. RICE. As far as the public records are concerned, your name would be the only one mentioned: is that correct?

Mr. GLASSER. No, that is incorrect, Mr. Rice. It is correct to the point that you are at, but sometime around March, I believe, of 1947, they had a meeting at the police commission and it was decided that a paper would have to be signed showing the operator. I believe, that anyone who may have an interest in it. I believe those papers were properly signed and put in order.

Mr. ROBINSON. Mr. Glasser, who is the investigator of the police commission, or who was at the time you are talking about?



Mr. GLASSER. Capt. Harry Lorenson.

Mr. ROBINSON. Is that the gentleman we had some testimony about yesterday, about buying a liquor license and then reselling it?

Mr. GLASSER. Wasn't that Guasti?

The CHAIRMAN. Well, there is another one in the report of the grand jury.

Mr. GLASSER. I don't believe I heard about that, Mr. Robinson.

Mr. ROBINSON. That is the individual that investigated the bridge applications, as investigator for the police commission; isn't that correct?

Mr. GLASSER. That is true.

Mr. ROBINSON. Thank you.

Mr. RICE. Now, sir, in reviewing some of the other checks it is my understanding that there was this two-stage proposition, where the checks were drawn to you and you redistributed them. I notice a check drawn on February 18, 1949, to I. G. Glasser. Now, that is you, isn't it?

Mr. GLASSER. Yes, sir.

Mr. RICE. In the amount of \$250, and it bears your endorsement and under that the name James Utley. What would that be for?

Mr. GLASSER. Explain that to me again.

Mr. RICE. In other words, you drew a check to yourself; is that right?

Mr. GLASSER. To myself?

Mr. RICE. Yes; but Utley got the money.

Mr. GLASSER. I appreciate that.

Mr. RICE. How would that transaction be conducted?

The CHAIRMAN. That is on the Fortune account.

Mr. GLASSER. Not my personal account.

Mr. RICE. No; that is on the Surf.

Mr. GLASSER. On the Surf?

Mr. RICE. Yes.

Mr. GLASSER. Well, I can venture a guess that I can explain this very easily.

Mr. RICE. Your name is on both ends of the check. Let's see if we can't get this explained.

Mr. GLASSER. Mr. Rice, if that check come from the Surf, my name couldn't be on the front of the check. Look at it again, will you?

Mr. RICE. The check is drawn to you.

Mr. GLASSER. Well, you said my name was on both sides.

Mr. RICE. The check is drawn to you and you made the cash available to James Utley.

Mr. GLASSER. I might have loaned it to him.

Mr. RICE. This was a loan, was it?

Mr. GLASSER. I couldn't say positively; I might have loaned it to him; yes. It would look that way to me. I might have owed it to him and paid him.

Mr. RICE. In any event, this is an individual transaction; is that right?

Mr. GLASSER. It must have been; yes, sir.

Mr. RICE. I see a number of checks here on the Fortune account which are very interesting. Here is one drawn to you in 1949, in

April, in the amount of \$8,000; in August, \$8,000; in July, \$6,000; July again, \$6,000; June, \$6,000; and May, \$6,000; June again, \$5,000. That is going back to 1948.

March of 1949, \$10,000. All of those are endorsed by you and deposited in the Fortune, at the Union Bank. I take it those are the profits that we have been talking about?

Mr. GLASSER. Yes.

Mr. RICE. Now, also on the same account, I see checks drawn to the Peace Officers Association of California, two of those; the Justice and Constables Association, the Los Angeles Police Relief Association, the Culver City Mounted Police, and the Mounted Police Reserve Corps; the California State Sheriffs Association, the Sheriffs Relief Association, the California State Sheriffs Association, and the Los Angeles Police Relief Association. Now, what was the reason for all those checks, making checks payable to all those organizations?

Mr. GLASSER. Who drew those checks. Mr. Rice?

Mr. RICE. Those were all drawn on the Surf account.

Mr. GLASSER. Well, I had no control over the Surf account.

Mr. RICE. But you did have an interest in the Surf?

Mr. GLASSER. That is right; yes.

The CHAIRMAN. Was that the general policy of the organizations that you were in, to pay something to all of these other associations that he has read off? It appears to be from the way the checks are drawn here.

Mr. GLASSER. Senator, I can give you a brief answer and say, "Yes," but I wouldn't be fair to these people for the simple reason that under conditions prevalent now you stay in your office and a fellow calls up and says, "Give me an ad for this magazine," or he will say, "Give me a donation for this organization or that organization." It isn't because they are peace officers, but because it must be a worthy cause. People will come in and ask for an ad in a magazine.

The CHAIRMAN. I don't see any magazines listed here and, apparently, no other associations outside of peace officer associations.

Mr. GLASSER. Well, it could be.

The CHAIRMAN. All the charity seems to be to sheriffs and police associations.

Mr. RICE. Now, sir, do you know a man by the name of Edward Nealis?

Mr. GLASSER. Yes.

Mr. RICE. Have you had any business dealings with him?

Mr. GLASSER. With him; yes.

Mr. RICE. What business would that be?

Mr. GLASSER. Well, we bought some property together.

Mr. RICE. You bought some property together?

Mr. GLASSER. Yes, sir.

Mr. RICE. Where was that?

Mr. GLASSER. At Santa Monica, Calif.

Mr. RICE. What type of property was that?

Mr. GLASSER. A building.

Mr. RICE. What kind of a building?

Mr. GLASSER. Just a building.

Mr. RICE. A building?

Mr. GLASSER. A building.

Mr. RICE. What building?

Mr. GLASSER. The Army and Navy Club in Santa Monica.

Mr. RICE. What business is Nealis in?

Mr. GLASSER. I couldn't tell you, sir.

Mr. RICE. What is his general reputation? What is it said that he is in?

Mr. GLASSER. I couldn't venture a guess on that, what they say.

The CHAIRMAN. Isn't he involved with the International Sweepstakes?

Mr. GLASSER. Not to my knowledge; no, sir.

Mr. RICE. There was some testimony here yesterday that he was in the Mexican national lottery and wound up owing Frank Costello \$200,000; I am speaking of Frank Costello, of New York.

Mr. GLASSER. No.

Mr. RICE. Is that a mystery to you?

Mr. GLASSER. No; I just don't know about it.

Mr. RICE. And as part of that transaction he had to deed some property over to Frank Costello. That didn't happen to be the Santa Monica property, did it?

Mr. GLASSER. I sold that land to the State of California and he sold his interest that he had at that time, too.

Mr. RICE. Do you own any other property with him at the present time?

Mr. GLASSER. No, sir.

The CHAIRMAN. He was your partner in the Clover Club, was he not?

Mr. GLASSER. Well, you ought to put it the other way, Senator. I was his partner.

The CHAIRMAN. Well, you did have some other business with him, then, did you?

Mr. GLASSER. Well, if you put it that way; yes, sir.

The CHAIRMAN. You owned a building together; that is one thing that you were in on together. Did you ever have some oil land together?

Mr. GLASSER. No, sir.

The CHAIRMAN. Just a building, that is the only property you had together?

Mr. GLASSER. That is all I can think of right now.

The CHAIRMAN. You were in the Clover Club with him, were you?

Mr. GLASSER. Yes.

Mr. RICE. That was a gambling place, was it not?

Mr. GLASSER. That has already been asked and answered. It was a restaurant that had a little gambling in it.

Mr. RICE. Well, that might make him a gambler.

Mr. GLASSER. Well, I don't know about that.

The CHAIRMAN. It had enough gambling there so you had a raid; isn't that correct?

Mr. GLASSER. That is true.

The CHAIRMAN. How much did Nealis have and how much did you have in the Clover Club?

Mr. GLASSER. I don't remember what he had, Senator. I had 2½ percent.

The CHAIRMAN. He was the principal owner, you think?

Mr. GLASSER. I can't say that, either, but my interest there, to keep the record straight, I was in the concession business and had the auto park and the checkroom at that time.

The CHAIRMAN. Well, let's get on with something else.

Mr. VAN BRUNT. Weren't you associated with Mr. Nealis in the steamship *Lux*, the gambling ship?

Mr. GLASSER. Not to my knowledge.

Mr. VAN BRUNT. Did you ever have an interest in that?

Mr. GLASSER. No. What is the steamship *Lux*? I don't remember that.

Mr. RICE. You do not remember the steamship *Lux*?

Mr. GLASSER. Nealis wasn't in on that, was he? Well, I don't remember that.

Mr. VAN BRUNT. Were you in on that?

Mr. GLASSER. Well, why don't you look at my income tax. That will show you. Was that the name of the boat?

The CHAIRMAN. Were you in on a gambling boat?

Mr. GLASSER. I invested in this last boat; I don't remember the name of it.

Mr. VAN BRUNT. That is what we are asking you about.

Mr. GLASSER. Well, I didn't know what the name was.

Mr. VAN BRUNT. I just said a gambling ship.

Mr. ROBINSON. The *Rex* was the first one and the *Lux* the second.

Mr. GLASSER. You know more about those things than I do. You have all those things at your fingertips. But, Senator, anything that my income tax reflects, they have it all, and that is what I was in, then.

The CHAIRMAN. You gave that to them, didn't you?

Mr. GLASSER. I certainly did.

The CHAIRMAN. Here is what you gave them, the steamship *Lux*; this is what you gave us. You gave us this, share of loss in operation of the steamship *Lux*, \$3,750. Then it tells about a loss with Nealis under that.

Mr. GLASSER. May I see it, Senator?

The CHAIRMAN. What does that mean?

Mr. GLASSER. When I see it I will tell you, Senator.

The CHAIRMAN. Nealis' name is underscored with red pencil there. You and he must have been partners in that.

Mr. GLASSER. Not at all, Senator. First, to start off with, I will unequivocally say that Nealis had no interest with me in the *Lux*, or did I have with him. I don't know how this is copied, but these are certain returns showing profit and loss. This is a loss with Nealis and, I believe, my income tax will reflect it; I believe it is on some stock at the Delmar racetrack that I had or bought and sold and made a loss, and you can look up my income tax and see if that is so. I am positive it has nothing to do with the gambling ship.

The CHAIRMAN. You were in the gambling ship and whether he was in it or not, you do not know?

Mr. GLASSER. If he was in it he wasn't in it with me.

The CHAIRMAN. You can't understand how you put his name on your report?

Mr. GLASSER. All right, Senator.

The CHAIRMAN. Well, it is not terribly important.

Mr. GLASSER. That is right.



The CHAIRMAN. I am glad we agree about one thing.

Mr. GLASSER. We agree on everything, Senator.

The CHAIRMAN. How much longer are we going to be?

Mr. GLASSER. I am ready to leave right now, Senator, if you want me to.

The CHAIRMAN. Supposing we have a short recess?

(Short recess.)

The CHAIRMAN. The committee will be in session. Proceed, Mr. Rice.

Mr. RICE. Are you all set, Mr. Glasser?

Mr. GLASSER. Yes.

Mr. RICE. Now, at one time were you interested in the Courtney Jewelers?

Mr. GLASSER. No, sir.

Mr. RICE. You were never interested in that?

Mr. GLASSER. No, sir.

Mr. RICE. A place located at 8802 Sunset Boulevard?

Mr. GLASSER. No, sir.

Mr. RICE. You are sure about that; are you?

Mr. GLASSER. I am positive.

Mr. RICE. Who were the people interested in that?

Mr. GLASSER. That I do not know.

Mr. RICE. I beg your pardon?

Mr. GLASSER. I do not know.

Mr. RICE. You do not know?

Mr. GLASSER. Well, I was one of the people that lent my name to the incorporation of it.

Mr. RICE. I see.

Mr. GLASSER. I never had any financial interest in the place and I understand the corporation never did get going; they just took out the papers and never went through with it.

Mr. RICE. You mean you lent your name to them?

Mr. GLASSER. Yes.

Mr. RICE. Did you lend anything else?

Mr. GLASSER. No.

Mr. RICE. You just let them use your name?

Mr. GLASSER. Just for the purpose, Mr. Rice, of incorporation and then I understood at that time they would get the people that were interested or the stockholders to transfer the stock in their name. It would be the same as if you were forming a corporation, in your office, and you used your secretary's name.

Mr. RICE. You mean as a dummy?

Mr. GLASSER. That is a nice word; yes, as a dummy, if you call it that. That is a nice word for it.

Mr. RICE. So that you were a straw or a dummy in connection with the Courtney Jewelers in which Happy Meltzer and, I guess it is his wife, Dolores Freed, were directors along with you. I see your signature here and the date the 24th of January 1949. Irving Glasser, 8434 Sunset Boulevard, along with James Meltzer and Dolores Freed, 5703 Laurel Canyon Boulevard. That is Happy Meltzer or Happy Freed, is it?

Mr. GLASSER. No; it is not. That is his brother, who has some jewelry stores in the East.

MR. RICE. What business is Meltzer in besides the jewelry business?

MR. GLASSER. I don't know, sir.

MR. RICE. Was it all right with you to have your name involved with people you don't know in business?

MR. GLASSER. No, that was a matter of accommodation for the attorney at the time. He just said, "Irving, will you sign this application for the filing of the permit?" and I don't think they went through with the corporation at any time.

MR. RICE. All right, sir. Now, then, I think you testified about Pennant Enterprises. What was the story on that? Who were the people involved in Pennant Enterprises and what was the nature of its business?

MR. GLASSER. Well, I believe I told Mr. Van Brunt that it had something to do with some wagering, some betting.

MR. RICE. With some wagering?

MR. GLASSER. Yes, betting; it could be on sporting events.

MR. RICE. On horses?

MR. GLASSER. Yes; horses, if you like.

MR. RICE. Who were the people interested in Pennant Enterprises?

MR. GLASSER. Well, I couldn't tell you; I don't remember but I believe you have it in front of you.

MR. RICE. I have a record where you were paid \$3,799 by Pennant Enterprises, and another payment of \$2,635 that you were paid by Pennant Enterprises. Now tell me who was in it.

MR. GLASSER. Well, I don't remember what year that was.

MR. RICE. It doesn't make any difference what year it was. Who was in Pennant Enterprises?

MR. GLASSER. I am not positive of this because I don't have my tax return in front of me; I think it was Mr. Tapper and myself.

MR. RICE. Phil Tapper?

MR. GLASSER. Yes.

MR. RICE. Who else, sir?

MR. GLASSER. I can't remember anyone else.

MR. RICE. Where did you operate the Pennant Enterprises?

MR. GLASSER. We had an office quite a while back; it is 5 or 6 years ago. The exact address, the location I don't remember, but it was an office for the conducting of the concession business.

MR. RICE. They actually had an office, did they? Was it listed in the telephone book?

MR. GLASSER. That I couldn't tell you; I don't remember too much about it.

MR. RICE. You remember getting the money, don't you?

MR. GLASSER. The exact transactions I don't remember.

MR. RICE. You remember that you got \$4,000 or \$5,000 anyhow; don't you?

MR. GLASSER. Just what you read off to me, sir.

MR. RICE. What was your percentage in the Pennant Enterprises?

MR. GLASSER. I don't remember. I don't believe I had any percentage. I think it was in payment of moneys that I had loaned Mr. Tapper and I am not too sure, so I don't want to go on record of saying something that I can't substantiate.

MR. RICE. Let's see if we can't get this straightened out. We have a record where you are getting money from the Pennant Enterprises.

If you loaned Tapper money you would have a record of a loan; wouldn't you?

Mr. GLASSER. It must have been paid to me by the Pennant Enterprises.

Mr. RICE. It was paid to you by Pennant Enterprises for a loan you made to Phil Tapper? As a matter of fact, you had an interest in Pennant Enterprises; did you not?

Mr. GLASSER. Yes.

Mr. RICE. What was your percentage?

Mr. GLASSER. I don't remember.

Mr. RICE. Was it a 50-50 book?

Mr. GLASSER. Don't say "book," because I never said that.

Mr. RICE. Tell me what it was.

Mr. GLASSER. Let's be fair about the thing.

Mr. RICE. What was it?

Mr. GLASSER. I told you we had a concession business.

Mr. RICE. A concession business?

Mr. GLASSER. Yes.

Mr. RICE. A concession about what?

Mr. GLASSER. Checkrooms and auto parks at one time.

Mr. RICE. What about this wagering that you spoke about?

Mr. GLASSER. There could have been some conducted there. I don't want to go into that because I am not sure of it.

Mr. RICE. Let's find out about it. Where did the wagering part take place? Who wagered with whom?

Mr. GLASSER. I have no knowledge of who wagered with whom.

Mr. RICE. Where were the wagers taken?

Mr. GLASSER. That I do not know.

Mr. RICE. Is it possible that you could be involved in something outside of the law and not know about it and permit your name to be involved in a thing like that?

Mr. GLASSER. I don't see where my name is involved.

Mr. RICE. You were receiving money from Pennant Enterprises. It would seem the burden would be on you to establish what the reason for receiving the money was.

Mr. GLASSER. It could have been in payment of my interest due to me for money I loaned; it could have been many things.

Mr. RICE. I know that, but what was it?

Mr. GLASSER. I don't remember.

Mr. RICE. You want to say you don't know what it was?

Mr. GLASSER. That is right.

Mr. RICE. So that if I were to speculate that it was your share of a betting enterprise, you wouldn't know the answer; would you?

Mr. GLASSER. No, but if you said that, I would try to see if I could show you that you were wrong.

Mr. RICE. Well, try to show me.

Mr. GLASSER. You haven't said it yet.

Mr. RICE. I will say it now.

Mr. GLASSER. Mr. Rice, I don't have any records or figures in front of me to tell me much about that transaction. As I told Mr. Van Brunt—and I always have to go back to him, because whatever I had, whatever papers you have now, are papers I turned over to Mr. Van Brunt, so I have nothing to conceal.

Mr. RICE. Well, you still haven't shown me.

Mr. GLASSER. I don't have anything here to show you with. I don't want to take a definite stand one way or the other. Whatever is reflected in my income-tax return, that is what it is.

Mr. RICE. Well, I think we will let it stand that the Pennant Enterprises engaged in the wagering business and you received some money from it; is that a fair statement.

The CHAIRMAN. Let's say the wagering business along with other enterprises.

Mr. GLASSER. O. K., Senator.

Mr. RICE. Is that a fair statement?

Mr. GLASSER. I think the Senator wants to be more than fair.

The CHAIRMAN. What is that?

Mr. GLASSER. I think you want to be more than fair, Senator.

The CHAIRMAN. I just want to know if you agree with that statement.

Mr. GLASSER. That is all right with me, Senator.

Mr. RICE. Now, do you know Mickey Cohen?

Mr. GLASSER. Yes, sir.

Mr. RICE. Very well?

Mr. GLASSER. Yes, sir.

Mr. RICE. How well?

Mr. GLASSER. I don't know what you mean by "how well."

Mr. RICE. What business is he in? Tell us about him.

Mr. GLASSER. You know as much about him as I do.

Mr. RICE. I don't know him.

Mr. GLASSER. He is a Los Angeles man.

Mr. RICE. A Los Angeles man?

Mr. GLASSER. Yes.

Mr. RICE. You have visited in his home; haven't you?

Mr. GLASSER. Yes, sir.

Mr. RICE. Many times?

Mr. GLASSER. Oh, a few times; yes, sir.

Mr. RICE. You have written a few bail bonds for him?

Mr. GLASSER. Quite a few; yes.

Mr. RICE. Quite a few? Did you say quite a few?

Mr. GLASSER. Yes, sir.

Mr. RICE. About how many?

Mr. GLASSER. I don't remember.

Mr. RICE. Sixteen?

Mr. GLASSER. For him personally?

Mr. RICE. Yes.

Mr. GLASSER. No, sir.

Mr. RICE. About how many?

Mr. GLASSER. Possibly three or four.

Mr. RICE. Possibly three or four?

Mr. GLASSER. Possibly, yes.

Mr. RICE. Did you ever lose any money on a bail bond that you wrote for him?

Mr. GLASSER. What do you mean by that, Mr. Rice?

Mr. RICE. Did you ever lose any money on a bail bond that you wrote for him?

Mr. GLASSER. I don't know what you mean. I know what the term means.



Mr. RICE. I think you know what I mean.

Mr. GLASSER. No; I don't. If you tell me I will be happy to answer. You mean did someone forfeit a bond?

Mr. RICE. Yes.

Mr. GLASSER. I don't want to put words in your mouth.

Mr. RICE. No; I know you don't.

Mr. GLASSER. Yes; there was one bond forfeited in the sum of \$25,000.

Mr. RICE. Who was that on?

Mr. GLASSER. On David Ogul.

Mr. RICE. What happened to Ogul? He disappeared; did he?

Mr. GLASSER. They say he was killed.

Mr. RICE. And Mickey Cohen guaranteed that bond; is that the idea?

Mr. GLASSER. Yes.

Mr. RICE. Now, sir, in looking over some of Cohen's applications we note that—that is, for bail bonds—we find that there is no information on the bond at all outside of his name. How do you account for that and the number of other questions to be answered that have not been answered? How do you account for your accepting applications from Mickey Cohen without taking the complete information from him?

Mr. GLASSER. May I see the application, please?

Mr. RICE. I think you have taken it back. We have looked it over.

Mr. GLASSER. Do you have a photostat of it?

Mr. RICE. I wouldn't be surprised.

Mr. GLASSER. May I see it, please?

Mr. RICE. Tell us about it.

Mr. GLASSER. I can't tell you about it, because I don't have any knowledge of doing any such thing.

Mr. RICE. You have no knowledge of taking any applications from Mickey Cohen without taking the full information from him?

Mr. GLASSER. I wouldn't see any reason for taking a full application. Just his name would be sufficient for me and him signing for the bond.

Mr. RICE. So it is entirely possible that you took an application or two from Mickey Cohen with just his name and signing for it?

Mr. GLASSER. Possibly; sure.

Mr. RICE. The chances are that that did happen?

Mr. GLASSER. It certainly could.

Mr. RICE. Now, I invite your attention to a section of the State of California, Department of Insurance, Rules and Regulations, ruling 21, section 46, wherein it states:

No bail bond shall be issued except upon a full and complete written application therefor.

It goes on to tell about what full information includes, the name and address, the relationship, where the man was arrested, the date and time, and a number of other questions.

Now, sir, did you ignore that regulation?

Mr. GLASSER. That regulation could not be ignored because if you have a photostatic copy and you see Cohen's name on there, you will see, "See previous application." On the previous application it may have his name and address and all that. Then under ruling 21, Mr.

Rice, any information above the line that states who made the request for the bond or their relationship or the hour or the date or who took the application—everything above the line, stating the name, address, the description, where a person is employed, any information, that is for our own personal files and the insurance department does not demand that we take that.

Mr. RICE. You don't bring that up to date every time it comes in?

Mr. GLASSER. Not necessarily; it would be silly.

Mr. RICE. All right, sir. Did you ever meet with Mickey Cohen, Cliff Toms, and Bob Gans?

Mr. GLASSER. No, sir.

Mr. RICE. Do you know them?

Mr. GLASSER. I know Mr. Gans, and I have known him for many years.

Mr. RICE. How about Toms? Do you know him?

Mr. GLASSER. For many years; yes.

Mr. RICE. Now, do you know O. K. Jones?

Mr. GLASSER. I have never heard of O. K. Jones outside of reading his name in the paper. If I saw the gentleman I don't think I would know him.

Mr. RICE. How about Jim Bolger?

Mr. GLASSER. I know Mr. Bolger; yes.

Mr. RICE. What is his business?

Mr. GLASSER. Well, I think he is an attorney; if not, he may be a public-relations man. I really don't know, sir. I don't want to venture a guess.

Mr. RICE. You know Utley; you previously testified you knew him.

Mr. GLASSER. Yes, sir.

Mr. RICE. Now, there was some testimony about some collaboration of some individuals in this area in connection with a recall movement to recall Mayor Bowron. Did you participate in any of those activities?

Mr. GLASSER. I talked to a lot of people about the recall.

Mr. RICE. For instance?

Mr. GLASSER. There is no such thing as "for instance." I spoke to a lot of people.

Mr. RICE. Did you talk to Utley about it?

Mr. GLASSER. Possibly; surely.

Mr. RICE. How about Sammy Rummel, did you talk to him about it?

Mr. GLASSER. Yes; I think I did a few times.

Mr. RICE. And to Toms?

Mr. GLASSER. I don't remember ever talking directly with Mr. Toms about the recall. We may have talked about other things. About that time, Mr. Rice, everybody in the city of Los Angeles that was interested would be talking about the recall, so I may have talked to many, many people.

Mr. RICE. Were you interested in that?

Mr. GLASSER. Well, that is a hard word to use. As I told Mr. Van Brunt, I could be interested and still not be interested. I could be curious, or I could be just exploring.

Mr. RICE. Shall we say or let me ask you, were you active in that?

Mr. GLASSER. I wouldn't say so; no, sir.

Mr. RICE. So that if someone said that, they would be wrong?

Mr. GLASSER. Well, I don't know what you call "active." That is a discretionary term.

Mr. RICE. Were you a proponent of the recall?

Mr. GLASSER. What does that mean?

Mr. RICE. That means were you for the recall?

Mr. GLASSER. Was I in favor of getting Mayor Bowron out of office, you mean?

Mr. RICE. Yes.

Mr. GLASSER. I wouldn't say so.

Mr. RICE. Are you positive about that?

Mr. GLASSER. Am I positive of it?

Mr. RICE. Yes.

Mr. GLASSER. Yes.

Mr. RICE. How well did you know Sammy Rummel?

Mr. GLASSER. For many years.

Mr. RICE. For many years?

Mr. GLASSER. Yes.

Mr. RICE. Now, in what connection did you know him?

Mr. GLASSER. As an attorney and a friend.

Mr. RICE. You say you think you talked to him about the recall?

Mr. GLASSER. I wouldn't be at all surprised. Now, I talked to many people; to many, many, many people.

Mr. RICE. Did you ever meet with a group of people in connection with that?

Mr. GLASSER. What group have you reference to?

Mr. RICE. I am referring to more than one person.

Mr. GLASSER. I could have met with lots of people and talked with lots of people and at lots of places.

Mr. RICE. Did you ever hear of the Big Five?

Mr. GLASSER. Mr. Van Brunt asked me that before; only what I read in the papers.

Mr. RICE. You don't know anything about the Big Five?

Mr. GLASSER. I don't know what it means; no, sir.

Mr. RICE. All right, sir. When did you see Rummel last before he was killed?

Mr. GLASSER. I don't remember.

Mr. RICE. He was killed on December 11, 1950. Did you see him within 2 or 3 days of that time?

Mr. GLASSER. I don't think so; no, sir.

Mr. RICE. Would you say you had not seen him for a month before that time?

Mr. GLASSER. It could be; I haven't any independent recollection of the last time I saw Mr. Rummel alive.

Mr. RICE. Do you have a recollection of meeting with Rummel on December 6 at Lyman's restaurant along with Gans and several other people, and having lunch there?

Mr. GLASSER. That is not true. I have no recollection of having lunch with Mr. Rummel and Mr. Gans in Lyman's restaurant, no, sir; I am positive that is not true.

Mr. RICE. Along with Curley Robinson?

Mr. GLASSER. That is not true.

Mr. RICE. Do you know Curley Robinson?

Mr. GLASSER. Very well; yes.

Mr. RICE. Would you say you have not had lunch in Lyman's with Curley Robinson?

Mr. GLASSER. Positively not.

Mr. RICE. You never had lunch with him there; is that right?

Mr. GLASSER. Positively not; I have not had lunch with Mr. Robinson.

Mr. RICE. Have you had lunch with Mr. Rummel at Lyman's?

Mr. GLASSER. Many times.

Mr. RICE. On one of those times was Gans present there?

Mr. GLASSER. No, sir.

Mr. RICE. How about a fellow named McKay?

Mr. GLASSER. Who?

Mr. RICE. McKay.

Mr. GLASSER. I don't know the name or know the gentleman.

Mr. RICE. Do you know anybody by the name of Kay?

Mr. GLASSER. No.

Mr. RICE. It is fair to say on December 6 you did not meet at Mike Lyman's with Gans, Rummel, Robinson, and a person by the name of Kay?

Mr. GLASSER. It is positive to say that I didn't meet with those four gentlemen, and if I was there and if Rummel was having lunch with me or if I was having lunch with Rummel, that could be possible, but I don't have any recollection of it. We dined at Lyman's many times.

Mr. RICE. Definitely Robinson and Gans were not there?

Mr. GLASSER. Positively not; no, sir.

Mr. RICE. Was this apartment that you had with Nealis, was that the Formosa?

Mr. GLASSER. No, sir.

Mr. RICE. Where is the Formosa?

Mr. GLASSER. The Formosa is off the corner of Hollywood, off the corner of La Brea and Hollywood Boulevard, next to the Christian Science Church.

Mr. RICE. Do you own that?

Mr. GLASSER. I did own a third interest in that.

Mr. RICE. You owned a third interest?

Mr. GLASSER. Yes.

Mr. RICE. Have you disposed of your interest?

Mr. GLASSER. Yes, sir.

Mr. RICE. Did you have any interest in any games or any enterprises in Santa Monica?

Mr. GLASSER. No, sir.

Mr. RICE. Last year did you have any?

Mr. GLASSER. Positively not; no, sir.

Mr. RICE. Do you know Max Kleiger?

Mr. GLASSER. Yes, sir.

Mr. RICE. Did you ever have any business transactions with Max Kleiger?

Mr. GLASSER. Yes, sir.

Mr. RICE. What business transactions did you have?

Mr. GLASSER. He had an interest in one or two of those bridge parlors; I don't remember which ones they were.

Mr. RICE. Can you remember any of them?



Mr. GLASSER. Well, it could be the Surf, I think.

Mr. RICE. It could have been the Surf?

Mr. GLASSER. Yes; maybe.

Mr. RICE. That was the one you were trustee for?

Mr. GLASSER. Yes; or the Rose; I don't remember which.

Mr. RICE. What was his interest? Was it a financial interest? Did he have an investment in there?

Mr. GLASSER. In the Surf; yes, sir.

Mr. RICE. Was he active in the operation of it?

Mr. GLASSER. No, sir.

Mr. RICE. I see where you received some money from the Caliente Jockey Club. What was that for?

Mr. GLASSER. I was one of the owners of the race track at that time.

Mr. RICE. Did you dispose of your interest in the ownership?

Mr. GLASSER. The Mexican Government took it away from us.

Mr. RICE. They expropriated it?

Mr. GLASSER. Yes, sir.

Mr. RICE. Who else was in that track with you?

Mr. GLASSER. I don't know who all was interested, but the principal party that I was doing business with was Mr. Edward G. Nealis; he was the president of the race track.

Mr. RICE. He was the fellow we spoke of before that had this Mexican lottery and was supposed to have lost some money to Costello?

Mr. GLASSER. That I have no knowledge about, Mr. Rice.

Mr. RICE. Do you know anyone named "Farmer" Page?

Mr. GLASSER. For many years; yes.

Mr. RICE. Who is he?

Mr. GLASSER. He is in the gambling business in Las Vegas, the Pioneer Club.

Mr. RICE. Have you had any financial transactions with "Farmer" Page?

Mr. GLASSER. Years ago he had an interest in the Clover Club.

Mr. RICE. You also had an interest together with Page; is that right?

Mr. GLASSER. I understand that he was one of the owners of the building.

Mr. RICE. How about Allan Smiley? Do you know him?

Mr. GLASSER. Very well; yes.

Mr. RICE. What business is he in?

Mr. GLASSER. He isn't in any business that I know of. He is in custody now.

Mr. RICE. What?

Mr. GLASSER. He is in custody now.

Mr. RICE. In jail, you mean?

Mr. GLASSER. Yes.

Mr. RICE. What business was he in just before he went to jail?

Mr. GLASSER. I really don't know. I think he was an oil operator. That is what the papers said. I am not familiar with Mr. Smiley's business.

Mr. RICE. You mean down in Texas?

Mr. GLASSER. Yes.

Mr. RICE. I think we had some testimony down in New Orleans that Smiley was steering some Texas oil people over to the gambling club,

over to the Beverly, that Phil Kastel and Frank Costello had. Did you know about that?

Mr. GLASSER. No; I don't.

Mr. RICE. You never talked to him about that?

Mr. GLASSER. No, sir.

Mr. RICE. Did you ever meet Al Smiley in Mickey Cohen's home?

Mr. GLASSER. I don't believe I ever saw Mr. Smiley in Mr. Cohen's home.

Mr. RICE. Where would you meet with Smiley when you talked to him?

Mr. GLASSER. I never met with Smiley to speak with him outside of my office.

Mr. RICE. How about Lou Rothkopf, did you ever talk to him?

Mr. GLASSER. I don't think I know the gentleman.

Mr. RICE. You never met him at Mickey's place?

Mr. GLASSER. If I did I wouldn't remember that.

Mr. RICE. How about Milano, Tony Milano?

Mr. GLASSER. I don't think I have ever met the gentleman.

Mr. RICE. What transactions have you had with Al Smiley?

Mr. GLASSER. I have bailed him out of jail.

Mr. RICE. Is that all you ever had to do with him?

Mr. GLASSER. Yes, sir.

Mr. RICE. Now, sir, in connection with your application for bail bondsman, do you submit a written application yourself, for your license?

Mr. GLASSER. Yes, sir.

Mr. RICE. Is there any question in there asking whether you have a criminal record or not?

Mr. GLASSER. Well, I don't remember if there is or not. If it is there I would have told them that I was arrested in 1929. As a matter of fact, that was all aired out and you have it in Mr. Robinson's State crime report, that the commission had knowledge of it and my activities, whatever I was doing up to and including that time, and everything was in order.

Mr. RICE. I see here a statement:

No bail agent shall have in its employ at any time a person who is not of good business reputation and good general reputation.

I take it that none of these employees in these establishments that you are connected with were of anything but good business reputation?

Mr. GLASSER. I would imagine they would have to be.

Mr. RICE. Nealis and "Farmer" Page and the other people you participated with?

Mr. GLASSER. What have they got to do with that?

Mr. RICE. You were in business with them, weren't you?

Mr. GLASSER. I don't get your question.

Mr. RICE. You say there is no connection between that and the bail business?

Mr. GLASSER. No, sir.

Mr. RICE. Well, now, at the outset you said, when I asked you what your business was, you said that you were in the bail-bond business; isn't that right?

Mr. GLASSER. That is true; yes, sir.

Mr. RICE. As a matter of fact, down through the years the greater percentage and proportion of your income has been from your other interests, has it not?

Mr. GLASSER. I don't think so; no, sir.

Mr. RICE. Well, the record shows that.

Mr. GLASSER. I don't think they do.

Mr. RICE. Let's take a look. Take 1 year for example.

Mr. GLASSER. What year, please?

Mr. RICE. 1949, income from the new Fortune, that is the bridgo, \$24,000. The Surf, \$6,000; the Rose, \$1,800; the Lodge, \$3,000; other bridgo amusements in San Francisco, \$3,000. Income from partnership with Phil Tapper—well, that is a loss. The Globe Loan & Jewelry Co., \$2,800. The Formosa Apartments, a partnership, \$3,300. That is nearly twice as much as you report from your partnership of Glasser Bros., which I take it is your bail-bond business.

Mr. GLASSER. What was it from the Glasser Bros., please?

Mr. RICE. \$24,000.

Mr. GLASSER. Is that twice as much?

Mr. RICE. You have \$24,000 in the new Fortune alone.

Mr. GLASSER. Does that all add up to \$48,000 more?

Mr. RICE. Well, \$24,000 from \$60,000.

Mr. GLASSER. Well, my business as a bail agent, any investments that I have there is an accumulation of many years' work and making proper investments.

Mr. RICE. Making proper investments?

Mr. GLASSER. That is right; yes.

Mr. RICE. That is all I have right now.

The CHAIRMAN. Any other questions?

Mr. ROBINSON. I have just one question.

The CHAIRMAN. Let's get along here.

Mr. GLASSER. I suppose this is the \$64 question.

Mr. ROBINSON. Who was the doorman at the Clover Club?

Mr. GLASSER. I wouldn't remember, Mr. Robinson. If you do remember you can say so and I will tell you "yes" or "no" in a minute.

Mr. ROBINSON. Are you sure you don't remember?

Mr. GLASSER. No.

The CHAIRMAN. Who was it?

Mr. GLASSER. Tell me the name and I will tell you in a minute. I have nothing to conceal. I don't know if I can remember that far back, 15 years ago.

The CHAIRMAN. What is this place you had in San Mateo? What is the name of that place?

Mr. GLASSER. I don't remember the name.

The CHAIRMAN. Did you have a place there?

Mr. GLASSER. Yes, sir.

The CHAIRMAN. What kind of a place was it?

Mr. GLASSER. A bridgo game.

The CHAIRMAN. Who did you have that with? Was that with Utey and Kleiger and Phil Tapper?

Mr. GLASSER. Yes, sir.

The CHAIRMAN. You fellows were the principal operators all over this country, weren't you?

Mr. GLASSER. I don't believe so, Commissioner; pardon me, Senator.

The CHAIRMAN. Thank you for the "Commissioner."

As I see it, offhand you had either an interest, two places in your name or an interest in practically every place we have heard of.

Mr. GLASSER. May I respectfully submit to you, Senator, that in Los Angeles there are 10 or 12, or there were 10 or 12, licensed places. In Santa Monica there were other places. There are places in operation right this minute in the State of California within a few miles of the city of Los Angeles. We are not, by far, the principal operators.

The CHAIRMAN. All right. Well, you had the Rose, a place in San Mateo, a place at Stockton, the Clover Club, you had an interest in the gambling boat, an interest in a race track, the Stewart Inn at San Dimas; also you had some place here that we agreed was part of a bookmaking affair or a betting place with some other associates. So you had your share of them, didn't you?

Mr. GLASSER. That is over a period of years, Senator. Some of these enterprises, if not all of them, are legitimate and, Senator, the bridgo was absolutely legal, according to our own commission here, in our own State.

The CHAIRMAN. We have in the record your testimony before of how this game was played. I think everyone here may be familiar with it, but if I may read what you said about it and then I will ask you if that is the way it plays. From your previous testimony it says:

Q. In your own words, give us an explanation of how the game is played at your two establishments.

A. You receive a card for 10 cents, which has 75 numbers on them. Each one is given a ball to throw. As the ball goes into the bin the man calls out the numbers. If the balls are all in the same row, corresponding with the ones you have on your card and the ones in the bin, then you are the winner of the game.

Is that the way it operates?

Mr. GLASSER. Practically, Senator. I may have made some misstatements there but the dominating factor in determining the result of the game is the skill of the player who wins and not chance.

The CHAIRMAN. Throwing the ball is the way you win the game? That is the skill, is it? When you throw the ball into the bin, that is the skill?

Mr. GLASSER. Part of it; yes, sir.

Mr. VAN BRUNT. Mr. Glasser, I think it is generally agreed that this bridgo-bingo is a very profitable venture, is it not?

Mr. GLASSER. Yes, it is.

Mr. VAN BRUNT. Inasmuch as it is such a profitable venture why did you voluntarily request that your permits be revoked or canceled?

Mr. GLASSER. They weren't canceled. I explained it to you, Mr. Van Brunt, before. I will be happy to do that again. When Chief Worton was appointed acting chief of police he said that the games did not comport with public welfare and that he thought they should have another hearing, and all that, so the operators decided, and there were 10 or 12 of them, to surrender their licenses.

Mr. VAN BRUNT. Were you concerned about having a public hearing, so far as the game was concerned itself?

Mr. GLASSER. That I couldn't tell you. Mr. Van Brunt, I think you should know that the closing of the bridgo games was brought about by—there was a charitable affair here at Mrs. Hope's home in June of 1949, and the Los Angeles Police Department saw fit to arrest



them for conducting this little charitable game of bridgo, which is legal if you have a license, and are in the amusement zone.

One of the newspapers here took up the issue and showed that the game is legal, although these people didn't have a permit and they took after the agency that arrested them, the paper did, not the bridgo operators, and then from that it went on to the bridgo operators. The Mirror newspaper saw fit to take exception to the Los Angeles Police Department arresting Mrs. Hope's charitable bazaar that they were having there.

The CHAIRMAN. All right. Just one observation in closing. I notice here the organized crime commission report says that in 1949 Glasser Bros. in Los Angeles County handled  $39\frac{4}{10}$  percent of all offenses; that is making bond. Bookmaking arrests handled by Glasser Bros. was  $69\frac{6}{10}$  percent of their business in 1948;  $69\frac{4}{10}$  in 1949. Do you think that is about right?

Mr. GLASSER. Yes, I do.

The CHAIRMAN. Thank you very much, Mr. Glasser.

Mr. GLASSER. Can I inject for the record, the reason for that is, Senator, that we are in a position to give good service and get people out.

The CHAIRMAN. You are always on service with a lot of bonds and plenty of lawyers and are available to get people out in a hurry, I suppose.

Mr. GLASSER. It was nice talking to you, Senator.

The CHAIRMAN. I am glad you enjoyed it, Mr. Glasser.

Who is our next witness?

Mr. RICE. Mr. Gentry is the next witness.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GENTRY. I do.

#### TESTIMONY OF DALE GENTRY, SAN BERNARDINO, CALIF.

Mr. RICE. You are Mr. Dale Gentry?

Mr. GENTRY. Yes.

Mr. RICE. Where do you live?

Mr. GENTRY. San Bernardino, Calif.

Mr. RICE. Whereabouts in San Bernardino?

Mr. GENTRY. I live at the California Hotel.

Mr. RICE. Now, you were foreman of the grand jury over there sometime ago, were you?

Mr. GENTRY. In 1948; it ran on into about March of 1949.

Mr. RICE. So that it ran for a full year, did it not?

Mr. GENTRY. Yes, sir; a little over a year.

Mr. RICE. Did you return any indictments as a result of the grand jury's action over there?

Mr. GENTRY. I think we indicted one person.

Mr. RICE. Did the grand jury explore the general situation over in the county?

Mr. GENTRY. Yes, they did.

Mr. RICE. As to vice, gambling, and things like that?

Mr. GENTRY. Yes, sir.

Mr. RICE. Now, sir, during the time that the grand jury was in progress were slot machines operating over there?

Mr. GENTRY. Yes, sir.

Mr. RICE. Was that an open and notorious operation? You could find them very easily, could you?

Mr. GENTRY. There wasn't much trouble finding them.

Mr. RICE. There wasn't much trouble finding the slots?

Mr. GENTRY. No.

Mr. RICE. They were in public places, more or less, were they?

Mr. GENTRY. Yes.

Mr. RICE. They are what is termed as the "one-arm bandit" type slot machines?

Mr. GENTRY. Yes, sir.

Mr. RICE. Did the grand jury call law-enforcement officers on the carpet about that?

Mr. GENTRY. Yes, sir.

Mr. RICE. What did the law-enforcement officers tell you about that? Did they say they were trying to enforce the law? Did they say how you should do it?

Mr. GENTRY. The principal reason given by the different law-enforcement officers was that they were allowed to operate for the reason that at some time we might have a greater crime to solve than that, and they could go to these people and get information from them and it would help them toward the solution of whatever greater crime might have been committed.

The CHAIRMAN. What did you think about that?

Mr. GENTRY. Well, I would say that it was simply my opinion, and it was the grand jury's opinion, that the law-enforcement officers should have the ability to solve those crimes without allowing other crimes to be committed of a minor nature, of a misdemeanor nature, in order to arrive at the solution of greater crimes.

The CHAIRMAN. I imagine that it was your idea, also, that small crimes breed large crimes?

Mr. GENTRY. We took that view, that the spots that usually operate those places are incubators of crime. They have to start some place.

Mr. RICE. Now, sir, in the conduct of your grand jury investigation, did you have any investigators assigned to you?

Mr. GENTRY. We tried to get investigators from the district attorney, and we failed in that.

Mr. RICE. When you speak of the district attorney, what is his name?

Mr. GENTRY. A man by the name of—

Mr. RICE. Lou Cavanaugh?

Mr. GENTRY. Jerome Cavanaugh.

Mr. RICE. Did Jerome Cavanaugh have any investigators? Was he able to supply them if he wanted to?

Mr. GENTRY. His reason for not assigning them was that he didn't have them.

Mr. RICE. Were you referred to anyone else to see if you could obtain investigators?

Mr. GENTRY. I appealed to the attorney general of the State.

Mr. RICE. What was his name?

Mr. GENTRY. A man by the name of Mr. Houser.

Mr. RICE. Fred Houser?

Mr. GENTRY. Yes.

Mr. RICE. Did you appeal personally to Houser?

Mr. GENTRY. Yes, sir.

Mr. RICE. And actually had a conversation with him?

Mr. GENTRY. Yes, sir.

Mr. RICE. What did he say?

Mr. GENTRY. He said that he didn't have any investigators at that time and he would have to appoint an attorney to conduct the investigation.

Mr. RICE. That he would have to appoint an attorney?

Mr. GENTRY. Yes.

Mr. RICE. A new man, you mean?

Mr. GENTRY. Yes, which would be a deputy of his and he would then secure investigators for the fieldwork.

Mr. RICE. Now, who would secure; Houser would secure other ones besides the attorney?

Mr. GENTRY. Yes; it would need two or three men for the fieldwork and an attorney to read their reports and instruct them as to procedure.

Mr. RICE. All right, sir. Where were the field men to come from?

Mr. GENTRY. Out of this city, Los Angeles.

Mr. RICE. Were they to be on the payroll of the attorney general?

Mr. GENTRY. I don't remember of his saying that they were on the payroll at that particular time, but they would be on the payroll if they were assigned to that duty.

Mr. RICE. Were these new men to be hired for the job?

Mr. GENTRY. Yes.

Mr. RICE. What was the financial arrangement which you discussed with Houser about setting this investigation up? Who was to stand the expense?

Mr. GENTRY. The county of San Bernardino.

Mr. RICE. The county of San Bernardino was to stand the expense?

Mr. GENTRY. Yes.

Mr. RICE. Houser's office wouldn't stand the expense; is that right?

Mr. GENTRY. No; the grand jury's expenses come out of the general fund of the county, and that is where they would have to come from in order to pay this expense.

Mr. RICE. If the county was not in a position to pay, Houser really wasn't offering anything then, was he?

Mr. GENTRY. No, not at all.

Mr. RICE. His proposition, I take it, was if you fellows wanted to pay he would designate an attorney and make him a deputy, and in turn hire several other investigators which they would designate, and he would deputize those fellows; is that right?

Mr. GENTRY. Yes.

Mr. RICE. And you were to pay for all that?

Mr. GENTRY. Yes.

Mr. RICE. Was any discussion had as to who the attorney would be?

Mr. GENTRY. Yes.

Mr. RICE. Who was that?

Mr. GENTRY. A man by the name of Williams.

Mr. RICE. Williams?

Mr. GENTRY. Yes.

Mr. RICE. Do you know his first name?

Mr. GENTRY. Eugene Williams.

Mr. RICE. He is an attorney here in Los Angeles; is he?

Mr. GENTRY. Yes.

Mr. RICE. Was there any discussion as to what it would cost to hire Williams or these investigators?

Mr. GENTRY. It was not a determined total amount. The investigators in the field would charge \$15 a day plus their expenses. Their expenses could not be determined because they might run way high in their working on the different type of operations of the games throughout the county, so that was not determined. It could have run into quite a large amount.

Mr. RICE. Well, was there to be any fee arrangement, or anything like that for the job, or just a straight daily rate?

Mr. GENTRY. That was as far as the field men were concerned.

Mr. RICE. How about the lawyer?

Mr. GENTRY. The lawyer would require a \$10,000 retainer plus any expenses.

Mr. RICE. So that the lawyer designated by Houser was to get \$10,000 a year; is that right?

Mr. GENTRY. A \$10,000 retainer.

Mr. RICE. A \$10,000 retainer?

Mr. GENTRY. Yes, that was to start with, but it might, of course, be more than that depending on the work done.

Mr. RICE. Was Howser to get any of that?

Mr. GENTRY. I don't know, sir. There was nothing like that mentioned.

Mr. RICE. Not unless he had an arrangement with the lawyer?

Mr. GENTRY. I couldn't say as to that, sir.

Mr. RICE. I take it that deal did not go through?

Mr. GENTRY. No, sir.

Mr. RICE. Now, weren't you a pretty good friend of Houser's?

Mr. GENTRY. Yes, I was a friend of Mr. Houser's.

Mr. RICE. And that was the best he could do for you, to designate a man that you could hire?

Mr. GENTRY. Yes, sir.

Mr. RICE. He couldn't give you any assistance out of his office at all?

Mr. GENTRY. That is right, sir.

Mr. RICE. Was there a fellow operating in the county by the name of Rotondo?

The CHAIRMAN. Before you go into that, let me ask: You mean you couldn't get your own attorney, your own State attorney to do anything, so you appealed to the attorney general?

Mr. GENTRY. We couldn't get the district attorney to do anything so we appealed to the attorney general.

The CHAIRMAN. You appealed to the attorney general of the State of California and he couldn't do anything but he would select some attorney whom you would pay and also he would select investigators, whom you would pay out of county funds?

Mr. GENTRY. Yes, sir.

The CHAIRMAN. It sounds like that could amount to about \$40,000 or \$50,000 or \$60,000.



Mr. GENTRY. Well, it was so indefinite that I wouldn't go for the proposition, because it might have gone into a large sum and caused a great deal of criticism.

The CHAIRMAN. The result was that you did not get any legal help?

Mr. GENTRY. That is right, sir.

Mr. RICE. Was there a fellow by the name of Rotondo operating in your county?

Mr. GENTRY. Yes.

Mr. RICE. What type of a place was he operating?

Mr. GENTRY. He was a bookmaker.

Mr. RICE. He was running a joint over there, wasn't he?

Mr. GENTRY. Well, yes.

Mr. RICE. I have some photographs here of Cappy Rotondo's bookie joint at the Y Furniture Market in San Bernardino. It appears to me that on this photograph it shows that they have an open room with blackboards and tables and chairs in it.

Mr. GENTRY. Using the vernacular of the street, I would say it was a "joint." Yes, I know this very well, sir.

Mr. RICE. Have you ever been in the establishment?

Mr. GENTRY. Other than to look in I have never been on the inside.

Mr. RICE. Was it possible for the public to pretty generally get in there and place a bet?

Mr. GENTRY. The greatest complaint we had to the grand jury was people complaining that women would come down and play with the bookie while their children played around in the yard outside, and that is what started our investigation in that particular spot.

Mr. RICE. It was a very offensive operation, then, as far as the grand jury was concerned; open and notorious and of a definite detriment to the county?

Mr. GENTRY. We went on complaints. We had over 100 complaints so we had to act on them. A great many of them were directed against that place. Of course, a number of other spots also operated in the county.

The CHAIRMAN. From this photograph, this place seems to have loud speakers and wire service.

Mr. GENTRY. Well, we travel first-class.

Mr. RICE. And ladies were invited?

Mr. GENTRY. Yes.

Mr. RICE. Did you take the matter up with the sheriff over there in San Bernardino County?

Mr. GENTRY. No; I did not.

Mr. RICE. Did the grand jury take the matter up?

Mr. GENTRY. The only time that the sheriff was or met with the grand jury was only once. I was not at that meeting. We did take it up a number of times with the different captains of different departments over there.

Mr. RICE. What ultimately happened to the place?

Mr. GENTRY. Well, I don't know the status at the present time; I don't know that, but they would close for a day or two and then reopen again, and that went on for a long time, for a number of years.

Mr. RICE. You say that the sheriff was called into the grand jury; is that correct?

Mr. GENTRY. Yes.

Mr. RICE. Did they discuss this matter with him, do you know?

Mr. GENTRY. I don't know. I don't believe there was any record made of that particular meeting. I was sick that day when he was scheduled to come in and I have no record of what was said or done at that meeting.

Mr. RICE. Did the grand jury discuss an indictment against the sheriff?

Mr. GENTRY. Yes; they did discuss an indictment against the sheriff. A number of the members in the outlying districts like Redlands, which is east of San Bernardino, some of them wanted to indict the sheriff for the conditions that the county was in. They discussed that with the district attorney.

Mr. RICE. This is Stocker and Cavanaugh that we are talking about now?

Mr. GENTRY. Yes. The district attorney stated that he was against an indictment and would probably dismiss it if it was voted by the grand jury. So that discouraged those members that wanted to indict the sheriff.

Mr. RICE. Let me see if I understand you correctly. The members of the grand jury were in favor of indicting the sheriff for malfeasance in office. In other words, he was not doing his duty toward enforcing the law?

Mr. GENTRY. That is right, sir.

Mr. RICE. But that discussion brought into play the district attorney, District Attorney Cavanaugh, and he persuaded the grand jury not to return an indictment because if they did return the indictment he would nolle prosequere it or dismiss it; is that right?

Mr. GENTRY. His statement was this: That after going over the evidence that was given him at that time, that he would feel it his duty to recommend a dismissal.

Mr. RICE. What did he give as his reason for that, Mr. Gentry?

Mr. GENTRY. A feeling that a jury would not convict the sheriff.

Mr. RICE. You mean that there was insufficient evidence?

Mr. GENTRY. Yes, sir.

Mr. RICE. But notwithstanding the grand jury, composed of a great number of individuals, there were some of the opinion that there was enough evidence to convict?

Mr. GENTRY. There was more than a majority, at least.

Mr. RICE. I think we have a fair picture of that.

The CHAIRMAN. Is there anything you want to add to that?

Mr. GENTRY. No, sir.

The CHAIRMAN. What is the situation now? Are these places still open and running?

Mr. GENTRY. To my knowledge, no.

The CHAIRMAN. Who closed them down?

Mr. GENTRY. We have a new sheriff.

The CHAIRMAN. Sit down a minute, will you, Mr. Gentry?

Mr. GENTRY. Yes, Senator.

The CHAIRMAN. Didn't they finally get closed down by the California highway patrol?

Mr. GENTRY. The highway patrol put in a complaint against that particular place but not others.

The CHAIRMAN. I am talking about this great big place where the children played outside while their mothers were making bets.

Mr. GENTRY. That is across from the highway patrol headquarters; just across the street.

The CHAIRMAN. Is this it, what is represented in this photograph?

Mr. GENTRY. Yes.

The CHAIRMAN. Is that the place?

Mr. GENTRY. Yes.

The CHAIRMAN. It says Furniture Market, Auction House, is that the place?

Mr. GENTRY. Well, they wear the furniture out in there, I guess.

The CHAIRMAN. I guess it got in the way of the highway patrol, too, so they finally closed this place up.

Mr. GENTRY. We have a very conscientious captain there and he entered a complaint against the place being operated in full view of the highway patrol. He did enter a complaint about it and the authorities closed it down.

Mr. RICE. Wasn't it true also that the captain of the highway patrol, who had this substation right across the street, needed some telephones to run the highway patrol and wasn't able to obtain the telephones and complained bitterly that Rotondo's joint across the street was amply supplied with telephones and that he was going to get a little rough about it if he didn't get some telephones to run the highway patrol? Is that a fair statement, Mr. Gentry?

Mr. GENTRY. I would say the captain was rather narrow, expecting a telephone over there in the highway police; the bookie was there first.

Mr. RICE. Was there a competitive situation between the highway patrol and the bookie as to who was going to get the telephones?

Mr. GENTRY. I couldn't state.

Mr. RICE. There was something about that, though?

Mr. GENTRY. I couldn't state it to my knowledge and belief; I don't know. The captain stated that to me, but I couldn't tell you.

Mr. RICE. He did tell you that, though?

Mr. GENTRY. Yes, sir.

The CHAIRMAN. Anyway, it is to their credit for whatever reason it may have been that they did something about it. How long ago has that been since they raided the place?

Mr. GENTRY. I couldn't tell you; I was so glad to get off the grand jury that I didn't follow through on anything from then on.

The CHAIRMAN. After that incident, when they closed this place down, the highway patrol closed it down, and didn't the same outfit open up down the street again?

Mr. VAN BRUNT. That is the diner you are referring to, Senator.

Mr. GENTRY. There are so many spots opening and closing there, that I don't know. I might injure someone by saying they did or did not. To be honest with you, out there we people pay little attention when someone opens up and closes. It is kind of a matter of course in San Bernardino County. I really don't know whether he opened up again or not.

Mr. RICE. I am interested in your statement that you were glad to get out or off of the grand jury. In that connection, did you receive any resistance of threats or what not while you were active in the grand jury?

Mr. GENTRY. Yes, sir. I was threatened a number of times; that wasn't, of course, the reason I was glad to get out of it but it took too much of my business time. I wouldn't want to get out of it through threats, you know. I don't go that way.

The CHAIRMAN. What sort of threats did you get?

Mr. GENTRY. Mostly on the telephone.

The CHAIRMAN. What did they say they would do to you?

Mr. GENTRY. Bodily injury, but that is all right with me.

The CHAIRMAN. Did you report that to the sheriff?

Mr. GENTRY. I did not, sir.

The CHAIRMAN. It was just someone calling who wouldn't give their name and would call from time to time; is that right?

Mr. GENTRY. That is right, sir.

Mr. RICE. Did they tell you what you had to do to keep from being harmed?

Mr. GENTRY. Well, yes; that I better not pursue any further investigations of certain spots.

Mr. RICE. Did they name the places?

Mr. GENTRY. No; they did not. They would refer to them in areas and districts.

Mr. RICE. A man would call you up and say, "If you don't lay off of a certain area," that you would be hurt?

Mr. GENTRY. "If you don't lay off of Barstow, why, we will do you some bodily injury." Well, that all goes with that kind of a job in being on the grand jury.

Mr. RICE. No one ever met you face to face and told you that?

Mr. GENTRY. No.

Mr. RICE. These boys operate behind a telephone that the captain is unable to get?

Mr. GENTRY. Yes.

Mr. RICE. Did they ever tell you to keep out of dark alleys or anything like that?

Mr. GENTRY. Well, they didn't need to tell me that; I did that myself.

The CHAIRMAN. Do McFarland, Vasquez, and Stocker, do they all operate out there? Do you know those names?

Mr. GENTRY. You have a combination there that is rather hard to answer, Senator.

The CHAIRMAN. I mean separately or individually. I am talking about Ben McFarland and Joe Vasquez; did they operate out there?

Mr. GENTRY. Yes.

The CHAIRMAN. Who was operating this big place here, "Cappy" Rotondo?

Mr. GENTRY. Yes; he is the operator there, or was. We had him before the grand jury.

The CHAIRMAN. All right. Thank you very much.

Mr. RICE. I have no further questions.

The CHAIRMAN. Thank you very much, Mr. Gentry. Our next witness will be Mr. Stocker.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. STOCKER. I do.



**TESTIMONY OF JAMES STOCKER, BIG BEAR LAKE, SAN BERNARDINO COUNTY, CALIF., ACCOMPANIED BY MILAN MEDIGOVICH, ATTORNEY, LOS ANGELES, CALIF.**

Mr. MEDIGOVICH. Senator, I am appearing as counsel for Mr. Stocker.

The CHAIRMAN. What is your name?

Mr. MEDIGOVICH. My name is Milan Medigovich.

The CHAIRMAN. How long were you sheriff over there in San Bernardino, Mr. Stocker?

Mr. STOCKER. Four years.

The CHAIRMAN. Beginning when and ending when?

Mr. STOCKER. Beginning January 6, 1947, and ending January 8, 1951.

The CHAIRMAN. What did you do before you were a sheriff?

Mr. STOCKER. I have done a lot of things.

The CHAIRMAN. Were you in public office before?

Mr. STOCKER. Yes.

The CHAIRMAN. What were you?

Mr. STOCKER. I went into the sheriff's office in 1931, on October 15, and I was a deputy sheriff for 1 year. I was chief criminal deputy for 3 years. I was undersheriff for 12 years, and then I was out and back on the ranch. My principal livelihood and business in cattle.

The CHAIRMAN. Where is your ranch?

Mr. STOCKER. Big Bear Lake, San Bernardino County, and down on the desert.

The CHAIRMAN. You are a big cattle rancher?

Mr. STOCKER. I wouldn't say too big; I don't know what you would call it.

The CHAIRMAN. How large a ranch do you have there? on the ranch. My principal livelihood and business is cattle.

The CHAIRMAN. Acreage and cattle.

Mr. STOCKER. What property I own and what I have control over and lease, about 300,000 acres.

The CHAIRMAN. 300,000 acres?

Mr. STOCKER. Maybe 400,000 acres.

The CHAIRMAN. That is as big as the congressional district I used to represent. How many cattle do you have on a ranch like that?

Mr. STOCKER. Well, I haven't anything like that, anything that big, but as a rule I run twelve to fifteen hundred head of cattle.

The CHAIRMAN. If you do not mind saying, what is a place like that worth? How much would 300,000 or 400,000 acres be worth?

Mr. STOCKER. Well, most of it is leased property.

The CHAIRMAN. How much of it do you own?

Mr. STOCKER. That would be awfully hard to state.

The CHAIRMAN. Do you own all of it and lease it to somebody else, or do you lease it from someone?

Mr. STOCKER. I lease it from a half dozen people, including the Government and the Big Bear Lake Water Co., and several private individuals and others. I own, probably, 15 or 20 water holes myself. That averages from 5 acres to 3,600 acres.

The CHAIRMAN. Would you say you own as much as 100,000 acres of it yourself?

Mr. STOCKER. No; I would say both in Riverside County and San Bernardino County I probably own four or five thousand acres.

Mr. MEDIGOVICH. Senator, I wish to report to the committee that Mr. Stocker is not in very good health.

The CHAIRMAN. It is apparent he is not feeling very well.

Mr. MEDIGOVICH. I would like to introduce this certificate, if I may, for the record.

The CHAIRMAN. From this he has Parkinson's disease and is nervous. Sheriff, just one question: Why do you let these joints run over there?

Mr. STOCKER. Why did I, you mean?

The CHAIRMAN. Yes.

Mr. STOCKER. They weren't deliberately let to run. They were arrested time and time again and there is a mistake about the highway patrol closing that particular place. That particular place was closed by Fred Houser's men and my men and they were arrested on several different occasions and the last time, so I was told by my captain of the vice squad, that they were told if they ever opened up again they were going to file a felony charge against them. As far as I know the place was never opened again.

The CHAIRMAN. The general information we have, and also information from Mr. Gentry, who seems to be a reliable citizen and a member of the grand jury, from a number of reports that we have here, quite a number of them, slot machines and bookie joints and various sorts of gambling ran wide open over there while you were sheriff.

Mr. STOCKER. That is a mistake; that is wrong. They were running before I was sheriff and they were running while I was sheriff and they are running yet.

The CHAIRMAN. Why didn't you close them up yourself?

Mr. STOCKER. Why didn't I?

The CHAIRMAN. Why didn't you; yes.

Mr. STOCKER. We closed them one right after the other.

The CHAIRMAN. You closed them up and then they would pay a little fine and then start operating again; is that right?

Mr. STOCKER. The same as the slot machines. We picked up hundreds and hundreds of slot machines.

The CHAIRMAN. Well, all you have to do, as sheriff, is to let it be known that they are not to be open and they will stop, won't they?

Mr. STOCKER. Yes, but they open in a few days or in a few weeks again.

The CHAIRMAN. Why don't you stay right on them?

Mr. STOCKER. I did.

The CHAIRMAN. But you weren't very successful with it, were you?

Mr. STOCKER. Yes; I was.

The CHAIRMAN. All right.

Mr. STOCKER. I might state that this Mr. Gentry just made a statement here, and if you don't mind I would like to go into it. When I was undersheriff I took a gambling joint out of his home, including roulette wheels, dice tables, slot machines, and the like. He has been after me ever since.

The CHAIRMAN. You think there is some personal angle in this between you and Mr. Gentry?

Mr. STOCKER. That is right.

Mr. RICE. How about Jasper Matranga; is he a fellow known to you?

Mr. STOCKER. I don't know him.

Mr. RICE. Didn't he have a place over there, the Monte Vista Cafe?

The CHAIRMAN. If Mr. Gentry is here I hope he will stay. You stay here, Mr. Gentry.

Mr. RICE. Jasper Matranga of the Monte Vista Cafe, do you know him?

Mr. STOCKER. I stopped there one time to see what it was and who was running it, and there were two men cleaning the place up and it was a bridgo-bingo affair, if that is what you are talking about, and I never went back.

Mr. RICE. Wasn't that run by Jasper Matranga, who is a Chicago hoodlum that we are looking for and he has run off?

Mr. STOCKER. As I tell you, I don't know.

The CHAIRMAN. The record shows that Matranga came from Chicago and he has some record out there.

Mr. STOCKER. I understood that a man—I have forgotten his name—walked into a place to eat one night and was introduced to him. I understood he owned this and when I asked him about it he said, "No," he only owned the mortgage on the building. I never did meet any of the owners or know anything about the game.

The CHAIRMAN. They had wire service coming into your county while you were sheriff, didn't they?

Mr. STOCKER. I never did see it?

The CHAIRMAN. You never did see it?

Mr. STOCKER. Well, it could have been.

The CHAIRMAN. Anyway, whatever efforts you made you were not able to stop it out there; is that what you are testifying to?

Mr. STOCKER. We did the best we could.

The CHAIRMAN. How about all these slot machines operating; couldn't you do anything about that?

Mr. STOCKER. Not until they passed a law that it was a misdemeanor to have them in their possession, but we gathered up about \$300,000 or \$400,000 worth of slot machines while I was in office.

The CHAIRMAN. By the way, how much do you estimate your worth to be, Mr. Stocker?

Mr. STOCKER. I have no idea.

The CHAIRMAN. In the neighborhood of \$100,000 or \$200,000?

Mr. STOCKER. I would have to go to my books; I owe lots of money and borrow lots of money.

The CHAIRMAN. Well, you could guess within \$200,000 or \$300,000 of what you are worth, or within \$50,000 of what you are worth. I am not trying to be facetious with you, Mr. Stocker. A fellow should know, in the general neighborhood, of how much he is worth.

Mr. STOCKER. That is hard to say. It is according to what the cattle are worth and what I could get for the land, land that I bought 30 years ago that is probably worth a lot of money. I don't know what I could get for it now.

The CHAIRMAN. Would a half million dollars be in the neighborhood of what you are worth?

Mr. STOCKER. That would be enough; I would settle for that.

The CHAIRMAN. You think I guessed pretty close to it, then; is that correct?

Mr. STOCKER. I wouldn't say that, Senator. I would sure settle for that.

The CHAIRMAN. Do you think \$400,000 would be closer?

Mr. STOCKER. That is too much money.

The CHAIRMAN. Too much money, you say?

Mr. STOCKER. Yes.

The CHAIRMAN. That is all.

Mr. MEDIGOVICH. May the sheriff be excused?

The CHAIRMAN. I am going to ask Mr. Gentry to come back to the witness stand. You might want to stay until we get this matter settled.

Mr. ROBINSON. I have one question. Were you familiar with the S. & A. Novelty Co.?

Mr. STOCKER. Yes.

Mr. ROBINSON. What type of enterprise was that, the S. & A. Novelty Co.?

Mr. STOCKER. They operated slot machines and pinball vehicles and music boxes.

Mr. ROBINSON. Was Eddie Seaman associated with that company?

Mr. STOCKER. I think he is; yes.

The CHAIRMAN. Why did you let them operate?

Mr. STOCKER. I didn't let them operate. I took their machines the same as I did from anyone else.

The CHAIRMAN. How many did you take altogether?

Mr. STOCKER. I don't know; probably four or five hundred.

The CHAIRMAN. What did you do with them?

Mr. STOCKER. Destroyed them, all except the ones that had suits filed against them. We kept those machines and when I left office there were probably 100 machines that had suits filed against them.

The CHAIRMAN. Well, you stay here until after Mr. Gentry testifies again.

Mr. STOCKER. All right.

#### FURTHER TESTIMONY OF DALE GENTRY, SAN BERNARDINO, CALIF.

The CHAIRMAN. Mr. Gentry, you just heard Sheriff Stocker testify that you had it in for him personally because he took a gambling set-up out of your house when he was undersheriff.

Mr. GENTRY. I heard that statement.

The CHAIRMAN. Do you want to say anything about that?

Mr. GENTRY. Yes; I do. That statement was made under oath, wasn't it?

The CHAIRMAN. Yes.

Mr. GENTRY. The statement is an absolute falsehood and I am going to ask this committee to investigate further. There was no such a thing. I have never been arrested in my life and Mr. Stocker did not take any gambling equipment out of my place. He might have taken something out prior to the ownership of the hotel, but he has never taken anything out of there, or have I been molested by an officer of that county as far as my operations are concerned. As far as my being after Mr. Stocker, that isn't so.



The CHAIRMAN. What is this that you are talking about? Is it a house or a hotel that you and he was talking about.

Mr. GENTRY. I don't know what he has reference to. If we could read his statement again maybe I could tell you. I could answer it more intelligently.

The CHAIRMAN. What was it, Mr. Stocker? Was it a house or a hotel?

Mr. STOCKER. It was a residence that he built in Big Bear Lake, right back of the old I. & S. Ranch, which I took—the gambling joint was in his house and the officers, the men in charge said they were operating and working for Mr. Gentry. Mr. Gentry was not there. I took them into court and the men were fined.

The CHAIRMAN. Now, let's get the place. Did you say Big Bear Lake?

Mr. STOCKER. Big Bear Lake, yes.

The CHAIRMAN. Is that a residence that you are talking about?

Mr. STOCKER. Directly south of the old I. & S. Ranch.

The CHAIRMAN. What year was that in?

Mr. STOCKER. That was back in, I would say, 1938 or 1939; it could have been 1937.

The CHAIRMAN. Who are some of the people that you found working there?

Mr. STOCKER. I don't recall. Rodney Wright was the justice of peace and I took five of them down to the justice of the peace.

The CHAIRMAN. Rodney Wright?

Mr. STOCKER. Yes.

The CHAIRMAN. Did you go out to the house personally? Were you out there personally?

Mr. STOCKER. Yes.

The CHAIRMAN. Did you go down to the justice of the peace personally?

Mr. STOCKER. Yes.

The CHAIRMAN. What did you find out there?

Mr. STOCKER. I found two roulette wheels. I might explain how this happened. I came through Big Bear Lake and stopped to get some coffee at night. Two women came in and explained to me that one of their husbands had lost \$3,000 and the other one lost, I think, \$1,100. I said, "Where is the place?" They tried to explain where it was. There was no officer in the valley at that time except the constable, and he was out. So I followed these women down to Gentry's house and went in and took it. There were two roulette wheels and I just don't recall how many crap tables, but one I am sure of and nine slot machines and they were stored in the county warehouse for a long time, up to 1943. Mr. Gentry, himself, came in and asked me, in the office, if I would let that equipment go, and I told him, "No." One of the other grand jury men, Dave Davis, came to me later and offered me \$300 for that equipment.

The CHAIRMAN. Was this at night or in the daytime that you went out there?

Mr. STOCKER. It was 12 o'clock at night.

The CHAIRMAN. Was the place open and running?

Mr. STOCKER. It was; yes.

The CHAIRMAN. Were there any players there?

Mr. STOCKER. About 150; they weren't all playing. Some were around the yard.

The CHAIRMAN. Was this place also a restaurant?

Mr. STOCKER. No; a private home.

The CHAIRMAN. Could anyone walk in?

Mr. STOCKER. I walked in and looked at everything.

The CHAIRMAN. On the first floor; is that right?

Mr. STOCKER. Yes.

The CHAIRMAN. How big a house was that?

Mr. STOCKER. I don't recall. It was big enough to have a couple of roulette tables and then there was a bedroom with a dice table and I was alone and they got away with some of it and we found it the next morning in the backyard.

The CHAIRMAN. How do you know it was Mr. Gentry's house?

Mr. STOCKER. He built it and owned it and I have seen him living there.

The CHAIRMAN. Before that time?

Mr. STOCKER. Before that time; yes. I went down and inquired from a real estate man and asked the gamblers who owned it, and they told me Mr. Gentry.

The CHAIRMAN. You asked what gamblers?

Mr. STOCKER. The gamblers running the game.

The CHAIRMAN. You mean when you went in and saw the gamblers there?

Mr. STOCKER. I looked around first to see who were the dealers and who wasn't, and who was the manager. I didn't want to take the players but to take the people that actually ran the game.

The CHAIRMAN. Who were the gamblers?

Mr. STOCKER. I have forgotten their names.

The CHAIRMAN. You could walk right up and talk with the gamblers; you knew them all?

Mr. STOCKER. I didn't know them.

The CHAIRMAN. What year was this again?

Mr. STOCKER. It could be as long ago as 1937.

The CHAIRMAN. Or 1938?

Mr. STOCKER. 1938 or 1938; I don't remember. I had so many cases that I don't recall.

The CHAIRMAN. Did these fellows stand trial before the justice of the peace that you have mentioned?

Mr. STOCKER. They just went in and pleaded guilty.

The CHAIRMAN. Were they booked there?

Mr. STOCKER. There was no place to book them.

The CHAIRMAN. Wasn't their case put on any docket?

Mr. STOCKER. It was on the complaint.

The CHAIRMAN. Isn't there any record of their pleading guilty?

Mr. STOCKER. I imagine there is on the complaint. The judge took care of all that.

The CHAIRMAN. What judge was that?

Mr. STOCKER. Judge Rodney Wright.

The CHAIRMAN. Is he still living?

Mr. STOCKER. I think so; I think he lives in Redlands.

The CHAIRMAN. Is he still a justice of the peace?

Mr. STOCKER. No; he retired just after that.

The CHAIRMAN. All right, thank you. Now I should like to ask you some more questions, Mr. Gentry.

What is the situation, Mr. Gentry?

Mr. GENTRY. Well, if this happened as Mr. Stocker so states, it is rather odd that I never heard of it. This is the first information I have had of it. I had a mortgage on a house in Bear Valley. If 15 people got into it they would fill it up; it was only a little cabin of about four rooms. It seems rather odd that Mr. Stocker was a friend of mine at that time and he would not tell me about it, and Mr. Shea was a friend of mine at that time and he is yet.

The CHAIRMAN. Who is Mr. Shea?

Mr. GENTRY. Mr. Shea was sheriff. I am going to ask of you, Senator, that I be supplied with a copy of this, this portion of the transcript, because I intend to go into it further.

The CHAIRMAN. You will be supplied with a copy of this portion.

He talked about the Big Bear Lake district, south of some ranch.

Mr. GENTRY. Yes.

The CHAIRMAN. What ranch is that?

Mr. GENTRY. The I. & S. Ranch.

The CHAIRMAN. You say you had a cabin there and a mortgage on that cabin?

Mr. GENTRY. Yes, sir.

The CHAIRMAN. How much was the mortgage?

Mr. GENTRY. I think it was \$2,500, if I remember correctly, and the cabin was built by a man by the name of Walter Andrews, and he borrowed some money on it. Later I foreclosed on the cabin and I never spent a night in it in my life, and neither did I live there.

The CHAIRMAN. You never lived there?

Mr. GENTRY. No.

The CHAIRMAN. Where was your address at that time?

Mr. GENTRY. My address has been in the city of San Bernardino for 35 years.

The CHAIRMAN. At what street?

Mr. GENTRY. I lived at the Elks Club for some 13 years and then in a building of my own for some 15, and the rest of the time I lived at the California Hotel.

The CHAIRMAN. You never spent a night in that house, you say?

Mr. GENTRY. I never lived in the house; no.

The CHAIRMAN. This Walter Andrews, what sort of a man was he?

Mr. GENTRY. He was a fellow that worked for the highway department, I think; he is deceased now.

The CHAIRMAN. Is that house still out there?

Mr. GENTRY. I don't know, sir.

The CHAIRMAN. You foreclosed the mortgage?

Mr. GENTRY. I had to and sold it a number of years ago.

The CHAIRMAN. What was the title status in 1937, 1938, and 1939?

Mr. GENTRY. I couldn't tell you that; I might be wrong about it, Senator.

The CHAIRMAN. Do you think you had a mortgage on it then?

Mr. GENTRY. I would say yes; but I couldn't be sure about it.

The CHAIRMAN. Mr. Stocker stated you built the house. Did you?

Mr. GENTRY. No; I did not and had nothing to do with the building of it. That is a deliberate falsehood.

The CHAIRMAN. How long had the house been there when you had a mortgage on it?

Mr. GENTRY. I don't know, but probably 7 or 8 or 10 years.

The CHAIRMAN. What would you value the house at when you had a mortgage on it?

Mr. GENTRY. The value at the time I loaned him the money, to help him out of some difficulty that he was in, was about \$4,000. Then the property in Bear Valley started to depreciate. After I foreclosed I sold it for less than what the mortgage was. Property for a number of years there was not salable at all.

The CHAIRMAN. You mean you sold it for less than \$3,800?

Mr. GENTRY. Less than \$2,600, I think, that I loaned.

The CHAIRMAN. When did you sell it, do you remember that?

Mr. GENTRY. I couldn't tell you but I think, perhaps, in 1940, or something like that. It has been sold some 10 years, but as to the date I don't remember.

The CHAIRMAN. He stated there must have been about 150 people in the house at the time that he went in; 2 roulette wheels and 1 crap table, and at least 9 slot machines. How big were the rooms in the house where anything like that could be put?

Mr. GENTRY. The living room is, perhaps, 14 by 20; the kitchen is small, and a small dining room, and one bedroom, just a small bedroom.

The CHAIRMAN. Is that all there is to the house?

Mr. GENTRY. Yes.

The CHAIRMAN. Do you think you could get 150 people into that house?

Mr. GENTRY. I couldn't; I don't know what other people could do. They would have to stack them. They couldn't stand up, 150 people in that house.

The CHAIRMAN. Mr. Stocker testified you asked him to let you have that equipment back.

Mr. GENTRY. I never talked to him about any equipment because I didn't know about any.

The CHAIRMAN. You heard him say that, didn't you.

Mr. GENTRY. Yes, sir.

The CHAIRMAN. You heard him say you came to him and asked to have the equipment back.

Mr. GENTRY. That is right; I heard that, but I never knew he had any equipment. It wasn't mine and I knew nothing about it.

The CHAIRMAN. You swear that you never had any roulette wheels or any slot machines or any crap tables in that house or anywhere else?

Mr. GENTRY. I never had, to my knowledge, a single gambling device in that house, or did I know of any being in it. I leased it by the month at times, when someone went up there to stay on a vacation, or I let them use it because I much prefer that people use it than to leave it vacant, but to my knowledge I never had one idea anything like that was being operated. If there was 150 people in there, why, Senator, that would be a miracle.

The CHAIRMAN. I must say, Mr. Gentry, you speak seriously and convincingly.

Mr. GENTRY. I am innocent, Senator.



The CHAIRMAN. It is quite apparent here that either you or Mr. Stocker are wrong about this. The only way I can see that the testimony might be reconciled is that you had the place leased to somebody who might have done that. Still it does look as though that you are a prominent citizen out there, and he would have said something to you about it, after all these years, since 1938 or 1939.

Mr. GENTRY. This is the first knowledge that I have had of anything like that.

The CHAIRMAN. In the first place, it would have been his duty as the under sheriff, if he thought that was your house, and your property, to have said something to you about it.

Mr. GENTRY. I think that is the ordinary procedure, at least, Senator.

The CHAIRMAN. Whatever you can do to get this matter settled between yourselves and, of course, we will see to it that both of you get certified copies of the transcript of your testimony—

Mr. GENTRY. I thank you. I don't want to take your time, Senator, but I might just add, and I can say it publicly, that I have never had it in for Jim Stocker and I don't now. I oppose him in elections, which happens to be the American way; that is a right that I reserve for myself. I don't have it in for him now, with my testimony, for I am only speaking as an individual. I wouldn't hurt him if I could avoid it. As far as the grand jury duties are concerned, when you hold up your hand, that is a different thing entirely. When I hold up my hand it means more than just a frivolous gesture.

The CHAIRMAN. You did not seek the grand jury appointment; did you?

Mr. GENTRY. I tried to get out of it.

The CHAIRMAN. Who appointed you as foreman of the grand jury? Who appointed the grand jury?

Mr. GENTRY. Judge Mitchell, he was the presiding judge.

The CHAIRMAN. And he selected someone to be the foreman of the grand jury?

Mr. GENTRY. That is right.

The CHAIRMAN. And you were selected?

Mr. GENTRY. I tried to get out of it because I knew the unpleasantness about it and we were stormed by complaints, by the hundreds, you might say. I was warned by the court not to neglect my duty, or would I anyway. I have no malice and I don't carry that toward any individual.

The CHAIRMAN. I can say that you do speak convincingly to me. Of course, this is the first time that I have heard about this matter of the argument between you and Mr. Stocker, but you must be a citizen of some prominence to have been appointed as foreman of the grand jury by the judge.

Mr. GENTRY. I am not claiming any prominence.

The CHAIRMAN. If these things were found in your house, I cannot understand why the under sheriff did not say something to you about it. We will send both of you a copy of the transcript and we hope you get the matter straightened out.

Perhaps, Mr. Gentry, and I have told Mr. Stocker about this, I know you would like to go but I would appreciate your staying for about 30 minutes after the luncheon recess. I think we might have

some additional investigation on this matter, to throw some further information on this matter.

Mr. GENTRY. It is all right with me if you request it.

The CHAIRMAN. I do request it.

We will stand in recess until 2 o'clock.

(Whereupon at the hour of 12:45 p. m., February 28, 1951, a recess was taken in the above proceedings until the hour of 2 p. m. of the same day.)

#### AFTERNOON SESSION

The CHAIRMAN. The committee will be in session.

We have thought that there might be additional witnesses who can throw some light on this San Bernardino dispute that we had between Mr. Gentry and Mr. Stocker before adjourning. We will ask the sheriff and Mr. Gentry to remain for about 30 minutes longer to see what happens. If you will contact me in about 30 or 40 minutes I will let you know if you can leave at that time or not, gentlemen.

Our next witness will be Mr. Holleran.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOLLERAN. I do.

#### TESTIMONY OF CHARLES HOLLERAN, MANAGER, HORSESHOE CLUB, GARDENA, CALIF.

The CHAIRMAN. Mr. Holleran, you are the manager of the Horseshoe Club at Gardena?

Mr. HOLLERAN. Yes, sir.

The CHAIRMAN. How long have you been the manager of the Horseshoe Club?

Mr. HOLLERAN. Since the club opened.

The CHAIRMAN. How long has that been?

Mr. HOLLERAN. Two years this year.

The CHAIRMAN. When was it closed?

Mr. HOLLERAN. It never has been closed.

The CHAIRMAN. It is still operating, is it?

Mr. HOLLERAN. Yes; it is a new club.

The CHAIRMAN. There are certain shares sold in this club; isn't that correct?

Mr. HOLLERAN. No, sir.

The CHAIRMAN. Or certain interests sold in it, or how is it divided up?

Mr. HOLLERAN. There is only one owner of the club, Mr. Hardy Lee.

The CHAIRMAN. What is this list that I have here in my hand?

Mr. HOLLERAN. That is a list of stockholders that own the building where the Horseshoe Club is.

The CHAIRMAN. The building that the Horseshoe Club is in?

Mr. HOLLERAN. Yes.

The CHAIRMAN. Will you take this list, please, Mr. Holleran? Do you want to read off the names on the list and the shares that they own?

Mr. HOLLERAN. Yes, sir. Jack Hecht estate—Mr. Hecht died about a year ago, he has 750 shares, or the estate has; Charlie Holleran, 250 shares; Tom Banks, 750 shares; H. Shapiro, 168 shares; Rose Shapiro, 166 shares; Al Shapiro, 166 shares; Harry Clark, 750 shares; Harry Sheppard, 500 shares; Bo Herbert, 750 shares; Pearl Palm, 250 shares. That is all, Senator.

The CHAIRMAN. Is the rental of the Horseshoe Club based on a percentage basis of the profits of the club?

Mr. HOLLERAN. No; it has nothing to do with the profits.

The CHAIRMAN. What is the rental paid?

Mr. HOLLERAN. Well, I think I have it right here. No, this is the lease of the club. The rental we started out paying at first, we were getting 20 percent of the gross, giving 20 percent of the gross, and we went along that way for about 6 months. I think that business fell off after that time so Mr. Lee couldn't pay it, so we cut it down to 15 percent. That went along for a short time and then we cut it down to \$1,000 a week flat rental. Right at the present time, that is, since the first of the year on, it is \$500 a week. Business got a little quiet out there and he couldn't pay it.

The CHAIRMAN. How many of these people are from Minneapolis that are on that list?

Mr. HOLLERAN. From Minneapolis, one, two, three, four, five, six; there are seven in all, sir.

The CHAIRMAN. Will you name the seven?

Mr. HOLLERAN. Including myself, I am from Garrison, Minn. I have a summer resort up there.

The CHAIRMAN. How long have you been out here?

Mr. HOLLERAN. About 2 years and one-half.

The CHAIRMAN. Did you get together in Minneapolis or Wisconsin and decide on this operation?

Mr. HOLLERAN. No.

The CHAIRMAN. All these people were friends of yours back in Minnesota; is that correct?

Mr. HOLLERAN. Friends, if you would call them such. Some were acquaintances that I met up there and some were friends.

The CHAIRMAN. How did you happen to get interested in this enterprise out here?

Mr. HOLLERAN. Mr. Banks came out here on a vacation about 3 years ago, he and Mr. Hecht. They met Mr. Lee, who is Mr. Banks' brother-in-law.

The CHAIRMAN. Mr. Lee is Mr. Banks' brother-in-law?

Mr. HOLLERAN. That is correct. Mr. Lee was talking to him one evening and said that he could get a license to operate a club, a card club in Gardena. He didn't have the money to finance it. So Mr. Banks became interested in it and interested the rest of us boys in it.

The CHAIRMAN. So it is really controlled by you people from Minnesota?

Mr. HOLLERAN. The building is.

The CHAIRMAN. And you are the manager of the club; is that right?

Mr. HOLLERAN. That is right.

The CHAIRMAN. Mr. Lee is a brother-in-law of Mr. Banks?

Mr. HOLLERAN. Yes.

The CHAIRMAN. It is all a family affair, is it?

Mr. HOLLERAN. Well, more or less; yes.

The CHAIRMAN. How about Kit Cann? What is his interest in the place?

Mr. HOLLERAN. He has nothing to do with this.

The CHAIRMAN. He has nothing to do with this?

Mr. HOLLERAN. No.

The CHAIRMAN. You know Kit Cann quite well, don't you?

Mr. HOLLERAN. Just by name but not quite well.

The CHAIRMAN. Is that what you came out here to do, to start operating the club?

Mr. HOLLERAN. To manage the club; yes, sir. I was out here on a vacation and met Mr. Lee and start talking to him. He said, "How would you like to come out here and operate this club for me?" He offered me a deal and here I am.

The CHAIRMAN. Mr. Lee, I take it, was out here? He came here from Minnesota, also?

Mr. HOLLERAN. No; he is from Nebraska. He lived in Gardena for about 15 years.

The CHAIRMAN. But his wife is from Minnesota?

Mr. HOLLERAN. No; she is from Nebraska, too.

The CHAIRMAN. He is the local person that got the license; is that correct?

Mr. HOLLERAN. Yes. He sublets that license from the American Legion. It is the American Legion's license.

The CHAIRMAN. He sublets it from the American Legion, you say?

Mr. HOLLERAN. Yes, for \$1,200 a month.

The CHAIRMAN. I have nothing further. Any questions, Mr. Rice.

Mr. RICE. No.

Mr. ROBINSON. I have no questions.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. All right, thank you.

Our next witness will be James Utley. Mr. Utley, please come forward and be sworn.

Do you solemnly swear that the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. UTLEY. I do.

### TESTIMONY OF JAMES UTLEY, LOS ANGELES, CALIF.

The CHAIRMAN. I want to say to counsel for the committee, and to the staff, that it is our plan to terminate this hearing this afternoon, so that we are going to have to get to the particular points involved as quickly as possible.

Now, Mr. Utley testified in our executive session. I think we will release, at the appropriate time, his testimony and make it a part of the record. Now, for this hearing let's get to the points we are interested in. Mr. Rice, you can examine Mr. Utley, but let's get right to the point.

Mr. RICE. Reviewing briefly from the record, your testimony at the executive hearing, I think you testified that you had a criminal record of several apartments and that you were associated with Izzy Glasser in the Formosa Apartments and several Bridge operations. Is that correct, Mr. Utley?



Mr. UTLEY. That is correct, yes.

Mr. RICE. Then the testimony came down to the question of the time when you were in Lucey's Restaurant and something happened there. What was that?

Mr. UTLEY. Well, I was hit over the head.

Mr. RICE. About when was that?

Mr. UTLEY. Well, I don't remember. I think it was in 1946 or '47, but I am not sure.

Mr. RICE. About '46 or '47 you were in Lucey's?

Mr. UTLEY. Yes.

Mr. RICE. Who were you with?

Mr. UTLEY. I was by myself.

Mr. RICE. You were all alone?

Mr. UTLEY. I just walked in when the incident happened.

Mr. RICE. Were you having lunch?

Mr. UTLEY. I had just walked in.

Mr. RICE. What happened?

Mr. UTLEY. I walked in and walked over to the bar and ordered a drink, and by the time—before I got the drink—I was hit on the head and I was sort of knocked out. I didn't see who hit me or what happened until I came to later. Naturally, I was laying on the floor and they took me to the Emergency Hospital.

Mr. RICE. You say you walked over to the bar and the first thing that you knew you were hit on the head?

Mr. UTLEY. Yes; my back was to the person that hit me.

Mr. RICE. Nothing was said to you?

Mr. UTLEY. Not a word.

Mr. RICE. You were hit from behind, were you?

Mr. UTLEY. That is right.

Mr. RICE. What were you hit with?

Mr. UTLEY. I was told I was hit with a gun. Some people said I was hit with a blackjack; I didn't see it.

Mr. RICE. How told you you were hit with a gun?

Mr. UTLEY. The people that were sitting at the bar and they were also in the restaurant at the time.

Mr. RICE. Who were they?

Mr. UTLEY. Patrons.

Mr. RICE. What were their names?

Mr. UTLEY. That I don't know. I was in no position to question them.

Mr. RICE. You were knocked out; and they carried you out of there, didn't they?

Mr. UTLEY. Yes, the Emergency Hospital, I think, came and carried me out.

Mr. RICE. When did you come to?

Mr. UTLEY. I came to a short while before I was taken over to the hospital.

Mr. RICE. You went in an ambulance or something like that, I take it?

Mr. UTLEY. Yes.

Mr. RICE. Were the patrons in there with you? Were those patrons with you?

Mr. UTLEY. The patrons were there when I arrived there and I saw them, or I assume they were still there when I left.

Mr. RICE. When did you have this conversation with the patrons?

Mr. UTLEY. I didn't have any conversation with anyone.

Mr. RICE. I thought you said the patrons told you you were hit on the head.

Mr. UTLEY. That was in the future, at a later date.

Mr. RICE. In the future at a later date?

Mr. UTLEY. Yes.

Mr. RICE. Who was it you talked with that told you you were hit on the head with a gun?

Mr. UTLEY. It was general conversation around the restaurant.

Mr. RICE. Did you go back into Lucey's later?

Mr. UTLEY. Yes. I don't know the name of the persons but it was even before I went back into Lucey's, while I was in the hospital, the general conversation was that I was hit with a gun.

Mr. RICE. Who did they tell you hit you?

Mr. UTLEY. Well, they didn't say.

Mr. RICE. Don't you know who hit you?

Mr. UTLEY. At first, when I formed an opinion that I was hit with a gun, that was when I read it in the newspapers. I knew I was hit with something but I didn't know what it was.

Mr. RICE. Who did the papers say hit you with a gun?

Mr. UTLEY. They didn't say, as I remember. They didn't know who hit me.

Mr. RICE. Is it a mystery to you even to the present time who hit you?

Mr. UTLEY. Yes, it is.

Mr. RICE. No one has ever told you?

Mr. UTLEY. No.

Mr. RICE. No one has ever told you who hit you?

Mr. UTLEY. No.

Mr. RICE. Have you ever asked anyone?

Mr. UTLEY. I have asked indirectly, yes.

Mr. RICE. Indirectly?

Mr. UTLEY. Yes.

Mr. RICE. What did they tell you indirectly?

Mr. UTLEY. Well, no one would make any direct accusation.

Mr. RICE. Was it a fellow by the name of Harvey?

Mr. UTLEY. I don't remember.

Mr. RICE. Are you afraid to say that you think Mickey Cohen hit you?

Mr. UTLEY. If I were sure he hit me, I wouldn't be afraid.

Mr. RICE. You never asked anyone, despite the fact that there were over a hundred people there, whether or not it was Mickey Cohen that hit you?

Mr. UTLEY. I have made inquiries to try to find out who hit me, but I have never been able to find out definitely who did.

Mr. RICE. Was anyone charged with assaulting you?

Mr. UTLEY. No.

Mr. RICE. How come?

Mr. UTLEY. I don't know.

Mr. RICE. You were assaulted, were you not?

Mr. UTLEY. Yes, I was.

Mr. RICE. Despite the fact that there were over 100 people in there, you don't know anything about it?

Mr. UTLEY. I was in no position to question them. The police department could have questioned them right after it happened, a few moments after they arrived. It seemed that no one questioned anybody.

Mr. RICE. Well, it is amazing, to say the least.

Mr. UTLEY. Yes, it is.

Mr. RICE. No police action was taken at all?

Mr. UTLEY. No, none whatsoever.

Mr. RICE. Did you file a complaint with the police?

Mr. UTLEY. I couldn't file a complaint; I didn't know who did it. However, I was at the Police Emergency Hospital for several hours before they sent me over to a private hospital. The police had sufficient time to make any inquiries at the restaurant or anything they wanted to find out.

Mr. RICE. Did you give them any suspects about who might bear malice toward you?

Mr. UTLEY. They asked me several questions. I don't remember what the conversation was. I couldn't tell them anything definitely. As I say, my back was turned to the party that hit me.

Mr. RICE. Had you double-crossed anyone just before that?

Mr. UTLEY. No, I did not.

Mr. RICE. Now, right after that did Mickey Cohen try to borrow some money from you?

Mr. UTLEY. No. I have never had any business dealings with Mickey Cohen. I think one time or the other, something had been mentioned about money, a short amount, which I don't recollect about right now, but I never loaned him any money.

Mr. RICE. Did he try to borrow any money from you right after that?

Mr. UTLEY. Not right after that, no. I don't think at any time that there was any pressure put on me for a loan. During the conversation there might have been something said about a loan.

Mr. RICE. Let's see if we can't refresh your recollection a little bit.

The CHAIRMAN. You said in your executive testimony he tried to borrow \$3,000 from you. Is that the amount?

Mr. UTLEY. I think that was it; yes.

Mr. RICE. How much did Mickey want to borrow from you? Let me read to you from your testimony:

Mr. RICE. How much did Mickey want to borrow from you?

Mr. UTLEY. \$3,000.

Mr. RICE. When was that in relation to the time you were assaulted?

Mr. UTLEY. That was after I was assaulted.

Mr. RICE. Tell us about that, will you?

Mr. UTLEY. I don't think that is correct, the day after I was assaulted.

Mr. RICE. I didn't say the day after, I said afterward.

Mr. UTLEY. It must have been quite a while afterward; maybe a year or so, or maybe two, because I hadn't talked to him for several years after the assault.

Mr. RICE. What was the conversation surrounding his attempt to borrow money from you? What did he say he wanted it for?

Mr. UTLEY. He just said he had some money coming from the East and he was short on making a payment on some debts or something,

and he wanted to know if I could let him have \$3,000 temporarily until he received the money from the East. I told him I was in no position at that time to let him have the money.

Mr. RICE. He had some money coming in from bets in the East and was a little short at the moment and needed \$3,000?

Mr. UTLEY. Yes, until the money arrived.

Mr. RICE. Until the money arrived?

Mr. UTLEY. Then he would give it back to me.

Mr. RICE. You never did loan him anything?

Mr. UTLEY. No, I did not.

The CHAIRMAN. You did not consider him a good risk?

Mr. UTLEY. No, I did not.

The CHAIRMAN. You did not agree with the president of one of the banks around here.

Mr. UTLEY. I am afraid, in that regard, that I disagree with a lot of people that gave him money.

Mr. RICE. Do you know Jack Dragna?

Mr. UTLEY. Yes, I do.

Mr. RICE. Who is Jack Dragna?

Mr. UTLEY. Well, he has been an acquaintance for a good many years. I don't know exactly what he does. I think at one time he might have had some kind of a racing service, or something like that; I don't know. This is just hearsay; I have never had any business dealings with him.

Mr. RICE. You say a racing-wire service; is that right?

Mr. UTLEY. Yes, but I never had any type of business with Jack Dragna.

Mr. RICE. Weren't you in the bookie business?

Mr. UTLEY. I have been at times.

Mr. RICE. When were you in the bookie business and where did you get your wire service?

Mr. UTLEY. I didn't buy the wire service direct. I used to have a space in another bookie and paid so much for the use of the telephone, and I would get the service on the phone for a certain rate, so I never bought it direct. I never made or had a large enough business to warrant my own service, you know, paying a direct premium for the service.

Mr. RICE. You mean he would sublet to you the service he was obtaining?

Mr. UTLEY. I would just have a phone in the office and maybe I would pay \$100 a week for the rental, and that would include the phone and service.

Mr. RICE. But he was the one that contracted for the service, the wire service; is that correct?

Mr. UTLEY. That is right.

Mr. RICE. Did you ever have any dealings at all with Jack Dragna?

Mr. UTLEY. None of any kind.

Mr. RICE. Any financial transactions?

Mr. UTLEY. None.

Mr. RICE. You are sure about that?

Mr. UTLEY. Yes.

Mr. RICE. There was some testimony here yesterday, I believe, about a recall movement here in Los Angeles with a view to removing



the mayor. Also that you, Utley, were prominent in that action and through Polly Gould had, at least, approached the mayor to talk about that situation and work out some deal. Tell us about that recall situation that you were involved in.

Mr. UTLEY. During any kind of a campaign or recall there is always a lot of conversation among people. A lot of people talk to different people and give different opinions. Each person might have a different opinion, but I had no direct action in the recall. I did not contribute any money to it. I was not in favor of recalling Mayor Bowron—not for any reason that I would benefit by Mayor Bowron's staying in office, but because I didn't feel that the candidate available was, you might say, more beneficial to me.

Mr. RICE. Let's get down to cases here. I think you testified previously about anticipating getting some money together for the recall and you talked to a party about it. What party did you talk to?

Mr. UTLEY. I talked to Irving Glasser, and asked him whether we should contribute any money to the recall.

Mr. RICE. What did he say?

Mr. UTLEY. At the time he said, "Wait and see what happens." After several days he said he thought the matter over and the best thing we could do was to take a neutral attitude in the matter and not contribute to anyone.

Mr. RICE. Did he advise you on the matter?

Mr. UTLEY. Yes.

Mr. RICE. Is he your adviser or consultant, or is he your boss?

Mr. UTLEY. I wouldn't put it exactly that way. I listen to his advice and sometimes he listens to mine in political business.

Mr. RICE. Do you consider him a boss?

Mr. UTLEY. I consider him a partner, or you might consider him a boss; yes.

Mr. RICE. Then you went on to say that you got in touch with the city administration because you might be going into a legitimate business.

Mr. UTLEY. I don't quite understand that.

Mr. RICE. I don't either.

Mr. UTLEY. I don't remember that statement.

Mr. RICE. Well, did you say at that time that you were going into a legitimate business? By the way, what was your idea when you got in touch with the city administration?

Mr. UTLEY. I don't know for what reason; maybe if I knew the other part of the statement there maybe I can tell you about this.

Mr. RICE. You said this:

I felt that I would not have the animosity of the city administration and for that, if I was going into some legitimate business, I might be able to obtain a license for it.

Mr. UTLEY. Oh, well, I think during the conversation that I had with Mr. Glasser, we talked about the best thing to do is not to get ourselves involved in any political arguments or recalls because in case I wanted to get a license for some business the administration would not be mad about it.

Mr. RICE. I take it from your answer, though, that you were not in any legitimate business; is that right? What is your business now?

Mr. UTLEY. Right now I am operating a night club.

Mr. RICE. Where is that located?

Mr. UTLEY. In the Imperial Valley.

Mr. RICE. Whereabouts?

Mr. UTLEY. In Imperial.

Mr. RICE. Imperial.

Mr. UTLEY. Yes.

Mr. RICE. What is the name of the club?

Mr. UTLEY. The Tropics.

Mr. RICE. Who is in the Tropics with you?

Mr. UTLEY. Well, I am only the operator for the people that own it.

Mr. RICE. Are you also a trustee?

Mr. UTLEY. I operate the business for them on a percentage basis; only on a percentage basis and on a temporary basis—just from month to month.

Mr. RICE. What is your percentage?

Mr. UTLEY. 25 percent.

Mr. RICE. 25 percent?

Mr. UTLEY. Yes.

Mr. RICE. Who has the other percentages?

Mr. UTLEY. A man by the name of Sterling Oswald.

Mr. RICE. Was he at one time a police official?

Mr. UTLEY. Yes; he was.

Mr. RICE. What was he?

Mr. UTLEY. He was a chief of police in the city of El Centro, Calif.

Mr. RICE. Did he retire or resign?

Mr. UTLEY. I don't know about that. I assume that he retired.

Mr. RICE. Does he have the other 75 percent?

Mr. UTLEY. Yes.

Mr. RICE. There are no other people interested in that?

Mr. UTLEY. Well, whatever interest he has, what people might be interested with him, I don't know.

Mr. RICE. If anyone would have a piece of him you don't know about that?

Mr. UTLEY. That is right.

Mr. RICE. Is it possible that they do?

Mr. UTLEY. It is possible but I don't know.

Mr. RICE. Well, you are the operator?

Mr. UTLEY. I only deal with Sterling Oswald.

Mr. RICE. Is there anyone by the name of Powell involved in the thing?

Mr. UTLEY. Powell?

Mr. RICE. Powell; yes.

Mr. UTLEY. No.

Mr. RICE. Do you know anybody by the name of Powell?

Mr. UTLEY. Yes.

Mr. RICE. Who?

Mr. UTLEY. My wife; that is her maiden name.

Mr. RICE. Do you call her Miss Powell?

Mr. UTLEY. No; I don't.

Mr. RICE. Were you here this morning when those checks were shown here drawn to M. L. Powell?

Mr. UTLEY. I was here; yes. I didn't hear all of the conversation. I heard as much as I could from the rear.

Mr. RICE. I think we had a number of checks here in Irving Glasser's testimony, at the Surf and the Fortune, that you were acquainted with those bridgo-bingo outfits; is that right?

Mr. UTLEY. Yes; I was.

Mr. RICE. And that the set-up was to draw the money into Glasser's account and then in turn he dispersed it to people like M. L. Powell?

Mr. UTLEY. That is right; yes.

Mr. RICE. Occasionally your name would appear on M. L. Powell's checks. How would that come about?

Mr. UTLEY. Well, that would be in my wife's maiden name that the interest was held.

Mr. RICE. How long have you been married?

Mr. UTLEY. 13 or 14 years.

Mr. RICE. This was in 1948 and 1949—that those checks were drawn for her interest?

Mr. UTLEY. When the business originally started, why, I put it in my wife's maiden name and have kept it there ever since.

Mr. RICE. That was to hide it; was it not?

Mr. UTLEY. No; I wouldn't say that.

Mr. RICE. You would not say that?

Mr. UTLEY. No.

Mr. RICE. But it is a good way to do it; isn't it?

Mr. UTLEY. Sometimes; yes.

Mr. RICE. Are you under bond for anything at the present time?

Mr. UTLEY. No; I am not.

Mr. RICE. You are not charged with anything now?

Mr. UTLEY. I beg your pardon?

Mr. RICE. You are not under any charge or indictment now?

Mr. UTLEY. No. I think I am under a \$250 bond, a misdemeanor bond, for possession of gambling equipment.

Mr. RICE. Where is that? Is that down at El Centro?

Mr. UTLEY. Yes.

Mr. RICE. What was the name of the place down there?

Mr. UTLEY. The Tropics.

Mr. RICE. The same place you told us about?

Mr. UTLEY. Yes.

Mr. RICE. Is that a gambling place?

Mr. UTLEY. No; it is not. It is a restaurant and night club.

Mr. RICE. But you are under bond for operating a gambling place, aren't you?

Mr. UTLEY. I am under bond, but there is a question of whether it is gambling or not. It is considered as poker dice, which is five dice, and they play it all over. It is a question of whether it is legal or not. It was no regular gambling game of any kind.

Mr. RICE. Well, it depends on which side of the fence you are on.

Mr. UTLEY. Could be; yes.

Mr. RICE. Like you find the penitentiary is full of people, all of whom are doing "bum raps," so they say.

Mr. UTLEY. I didn't say that.

The CHAIRMAN. Let's proceed.

Mr. RICE. Mr. Utley, where did you come from? Were you born here?

Mr. UTLEY. No; I came from the East in 1926, I think.

The CHAIRMAN. Did you live in Birmingham or in Arkansas some place?

Mr. UTLEY. No; I have never resided in any of those places.

The CHAIRMAN. You worked around there; did you not?

Mr. UTLEY. I used to work with a carnival. I used to go through with the carnival shows when I was very young—years ago, over 20 years ago.

The CHAIRMAN. Where were you when you got this narcotics conviction?

Mr. UTLEY. Here in Los Angeles.

The CHAIRMAN. Is there anything else that you have?

Mr. RICE. No, sir.

Mr. ROBINSON. I have nothing.

The CHAIRMAN. You have had some business with Glasser—either you or your wife?

Mr. UTLEY. That is right.

The CHAIRMAN. Did you have a part of this ship, this gambling ship that they had here?

Mr. UTLEY. Did I have a part of it?

The CHAIRMAN. Did you have a part of that ship?

Mr. UTLEY. I did; yes.

The CHAIRMAN. How about this fellow Nealis?

Mr. UTLEY. I never had any business of any nature with him.

The CHAIRMAN. Was he on the gambling ship; do you know?

Mr. UTLEY. I don't know.

Mr. RICE. Before we leave the gambling ship, was that the *Lux* or the *Rex*?

Mr. UTLEY. The last one, I think, was called the *Rex*. I think so. Isn't that right, Mr. Robinson?

Mr. ROBINSON. You are doing the testifying.

Mr. RICE. Which one were you in on?

Mr. UTLEY. The last one.

Mr. RICE. The *Rex*?

Mr. UTLEY. I think so.

The CHAIRMAN. That is all we have of you at the present time, Mr. Utley.

Mr. MEDIGOVICH. I think you asked us to remain about 30 or 40 minutes.

The CHAIRMAN. We apparently have someone coming in that has additional information about the matter. When he comes I would like both the sheriff and Mr. Gentry to be here. We will expedite the matter as much as possible.

Our next witness will be Joe Sica.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SICA. I do.

**TESTIMONY OF JOE SICA, BURBANK, CALIF., ACCOMPANIED BY  
RUSSELL E. PARSONS, ATTORNEY, LOS ANGELES, CALIF.**

The CHAIRMAN. Let the record show that Russell E. Parsons, attorney at law, is appearing with Mr. Sica.



(Russell E. Parsons appeared as counsel for the witness, Joe Sica.)

The CHAIRMAN. Let's leave out any nonessential matters and get down to the particular matters that we want to ask Mr. Sica about, that are of special importance from our viewpoint. Proceed, Mr. Rice.

Mr. RICE. Where do you live, Mr. Sica?

Mr. SICA. 627 North Griffith Park Drive, Burbank, Calif.

Mr. RICE. Are you under indictment at the present time?

Mr. SICA. No, I am not.

Mr. RICE. Have you ever been arrested?

Mr. SICA. Yes, I have.

Mr. RICE. How many times?

Mr. SICA. Numerous times.

Mr. RICE. How many would you say?

Mr. SICA. In correct order I couldn't give it to you.

Mr. RICE. You mean there were so many arrests you can't remember them all?

Mr. SICA. There have been quite a few of them; suspicions.

Mr. RICE. There came a time when you and Mickey Cohen went down to see Russell Brophy in 1942. We are interested in hearing about that. Russell Brophy was running the wire service; wasn't he?

Mr. SICA. If I remember correctly, he had just taken over the wire service and a scratch sheet.

Mr. RICE. Which one did he take over?

Mr. SICA. The scratch sheet?

Mr. RICE. Yes.

Mr. SICA. He had just taken over the Metropolitan, I believe.

Mr. RICE. What service, wire service, was it that he took over?

Mr. SICA. I wouldn't know.

Mr. RICE. Was it the Continental?

Mr. SICA. I wouldn't know.

Mr. RICE. Did you ever hear of Trans-America?

Mr. SICA. I have heard of them; yes.

Mr. RICE. What business were you in at that time when you went down to see Brophy?

Mr. SICA. I was selling scratch sheets.

Mr. RICE. You were selling scratch sheets?

Mr. SICA. Yes.

Mr. RICE. Were you booking any bets?

Mr. SICA. No, sir; I was not.

Mr. RICE. Have you ever booked any bets?

Mr. SICA. Yes; I have.

Mr. RICE. But you were not doing it at that time?

Mr. SICA. No.

Mr. RICE. What was Mickey Cohen doing?

Mr. SICA. As far as I remember he may have been booking or he may have been gambling; I can't recall.

Mr. RICE. You went down and paid a visit to Brophy. What was that for?

Mr. SICA. In regard to some scratch sheets.

Mr. RICE. What was the conversation?

Mr. SICA. I don't recall the conversation. There was an argument.

Mr. RICE. What was the purpose? Why did you go down to see

him? Did you need some scratch sheets or were you fighting about them? What was the deal? You know more about it than that.

Mr. SICA. Yes; I do. It was an argument about some scratch sheets. At that time I was making a living selling scratch sheets.

Mr. RICE. All right; what else?

Mr. SICA. If I remember correctly, when Mr. Brophy took the scratch sheets over there was some argument about who was to sell certain scratch sheets. I already had built a route up and made a living off of these scratch sheets and when I was declared out I went to see Mr. Brophy to find out why.

Mr. RICE. Did he declare you out?

Mr. SICA. I heard that he did; yes.

Mr. RICE. He cut you off, didn't he?

Mr. SICA. It might have been through his orders.

Mr. RICE. That was the only place you could get the scratch sheets, wasn't it? You were getting scratch sheets from Brophy, who was Ragen's son-in-law out of Chicago?

Mr. SICA. I didn't get any scratch sheets personally from Brophy. I got scratch sheets from the Metropolitan Scratch Sheet Co.

Mr. RICE. But Brophy was over that, wasn't he?

Mr. SICA. From what I understand.

Mr. RICE. They were getting their scratch sheets from Brophy?

Mr. SICA. That is right.

Mr. RICE. So you heard that you were being cut off?

Mr. SICA. That is right.

Mr. RICE. And you couldn't understand why, could you?

Mr. SICA. No, sir.

Mr. RICE. So you started to pay Brophy a visit?

Mr. SICA. I wanted to find out why. It is like any other business. If you have devoted your time to it and have built it up and depended upon making a living off of it, and then all of a sudden someone cuts you off, I think you are entitled to know why. I thought I was entitled to know why. I went down to pay Mr. Brophy a visit to find out why.

Mr. RICE. Mickey Cohen went along with you?

Mr. SICA. Yes.

Mr. RICE. How come he went along with you?

Mr. SICA. Mickey and I were friends. He just happened to be along at the time that I was going downtown.

Mr. RICE. Did you figure he might be persuasive?

Mr. SICA. No, sir; I did not.

Mr. RICE. He did know about the deal, did he?

Mr. SICA. He may have.

Mr. RICE. You got in to see Brophy and what happened? Where did you see him, incidentally?

Mr. SICA. At an office building over on Eight Street, if I remember correctly.

Mr. RICE. What happened when you got there?

Mr. SICA. Mr. Brophy was on the telephone and I walked into the office, as the door is open to the public, and I took that for granted. I walked over to the desk and waited for Mr. Brophy to get through with his telephone conversation, to whoever he was talking to. After he got through talking I asked him about the scratch sheets.

Mr. RICE. Did you introduce yourself or did you already know him?

Mr. SICA. I knew Mr. Brophy by sight; I had never spoken to him until that day.

Mr. RICE. Go ahead, please.

Mr. SICA. I told him that I wanted to know why I was getting cut off of the scratch sheets. Then one word led to another.

Mr. RICE. What did he say?

Mr. SICA. I don't remember just what he said.

Mr. RICE. What was the general tenor of the conversation? What was his reason, as best you gathered?

Mr. SICA. "You are out"; that is all.

Mr. RICE. Just "You are out?"

Mr. SICA. Yes.

Mr. RICE. But you figured you were still in?

Mr. SICA. I don't know just what you mean by figured I was still in, Mr. Rice.

Mr. RICE. Go ahead. Anyway, you got the impression that you were out. Then what happened?

Mr. SICA. I started to argue with him and an argument ensued; one word led to the other. Mr. Brophy made an attempt to strike me. So I just happened to be a little faster than he was and I struck him.

Mr. RICE. Is that all?

Mr. SICA. That is it.

Mr. RICE. What did you do, hit him once and he hit the floor, or what happened?

Mr. SICA. I hit him once when he did hit the floor; yes.

Mr. RICE. Did he knock you down?

Mr. SICA. No, sir; he did not.

Mr. RICE. Then you all went out of there?

Mr. SICA. No, sir.

Mr. RICE. What did you do then?

Mr. SICA. He got up and I had a few extra words with him and another little argument ensued and I hit him again.

Mr. RICE. Did you tear any telephones out of the place?

Mr. SICA. I did not.

Mr. RICE. Did some get torn out while you were in there?

Mr. SICA. Yes; they did.

Mr. RICE. You say you didn't do that?

Mr. SICA. No.

Mr. RICE. Well, Brophy didn't tear them out, did he?

Mr. SICA. No.

Mr. RICE. Brophy didn't tear them out, did he?

Mr. SICA. I said no, he didn't.

Mr. RICE. Who tore the telephones out?

Mr. SICA. They were torn out by Mickey.

Mr. RICE. His enthusiasm mounted, too; is that the idea?

Mr. SICA. Yes.

Mr. RICE. Did anyone get locked up over this?

Mr. SICA. Yes.

Mr. RICE. Who?

Mr. SICA. Mickey and myself.

Mr. RICE. Did you get your scratch sheet business back?

Mr. SICA. No; I did not, sorry to say.

Mr. RICE. And that is the end of that?

Mr. SICA. That is the end of that; yes.

The CHAIRMAN. Did Mickey Cohen hit the man, too?

Mr. SICA. No, sir; he did not.

Mr. RICE. Why wasn't it possible to get scratch sheets any place else? Was there only one scratch sheet outfit in town?

Mr. SICA. Yes, there was, if I remember correctly, the Metropolitan scratch sheet was the only one at that time.

Mr. RICE. Do you know what a monopoly is?

Mr. SICA. A monopoly?

Mr. RICE. Yes.

Mr. SICA. Well, I wouldn't know the exact definition of it; I have an idea.

Mr. RICE. Would you say that Brophy had a monopoly on the scratch sheet business?

Mr. SICA. I couldn't say.

Mr. RICE. In any event, you weren't able to get the product you needed in any other place except through Brophy. If he cut you off you were through; is that right?

Mr. SICA. I would say that would be the answer; yes.

Mr. RICE. How about the wire service? Didn't that work the same way?

Mr. SICA. I wouldn't know about that.

Mr. RICE. You never had any dealings with the wire service?

Mr. SICA. No, sir.

Mr. RICE. Did you ever book any bets?

Mr. SICA. Yes, I did.

Mr. RICE. When you booked bets what did you do about getting your service?

Mr. SICA. I bought service.

Mr. RICE. You bought it?

Mr. SICA. Yes.

Mr. RICE. From whom did you buy it?

Mr. SICA. I bought it from a fellow named Hymie.

Mr. RICE. Hymie?

Mr. SICA. Yes.

Mr. RICE. Hymie who?

Mr. SICA. I don't know his last name.

Mr. RICE. Was he the distributor?

Mr. SICA. From what I know, Hymie sold service to quite a number of bookmakers; who they are I don't know. I happened to be one of them that he was making a living off of.

Mr. RICE. Did you get your service over the telephone?

Mr. SICA. Yes.

Mr. RICE. Over a loud speaker?

Mr. SICA. No, sir.

Mr. RICE. Was it Hymie Miller?

Mr. SICA. No.

Mr. RICE. Hymie Goldbaum, was it?

Mr. SICA. No, sir.

Mr. RICE. You got your service over the telephone and paid so much a week; is that right?



Mr. SICA. That is right; yes.

Mr. RICE. You don't know where Hymie got it from?

Mr. SICA. No, I don't.

The CHAIRMAN. What do you do now, Mr. Sica?

Mr. SICA. Right now I am not doing anything, Senator.

The CHAIRMAN. It seems that I remember you were charged with something in connection with a missing witness in a narcotics case. Didn't some key witness get knocked off? And weren't you charged with something about it? I believe the witness' name was Abraham Davidian.

Mr. PARSONS. Senator, might I just give you a bit of information on that?

The CHAIRMAN. Yes.

Mr. PARSON. Mr. Sica was indicted here, charged with conspiracy, with Abraham Davidian and others in an indictment in this district, being case No. —

The CHAIRMAN. Let me see that, sir.

Mr. PARSONS. I will give it to you; I brought it for you. Mr. Davidian was presumed to have been a witness in the case and Mr. Davidian met his death at Fresno.

Mr. Sica was subsequently arrested and placed in the county jail here and was then released upon a writ of habeas corpus proceedings. This indictment against Mr. Sica and others was dismissed for lack of a speedy prosecution on December 19 last. At that time Judge Harrison, in the district court of this district, stated that inasmuch as the statute of limitations had not run, it would be possible to reindict all of these persons if the Government were ever in a position to proceed.

I, therefore, have advised Mr. Sica that, in my opinion, he has a right to refuse to answer upon the grounds his testimony might tend to incriminate him. Any questions as to the names or identity of these persons would be one of the material elements to prove in a conspiracy case. Now, Senator, it is not our desire to be contemptuous.

The CHAIRMAN. If you have been advised that the case might still be prosecuted, I am inclined to agree with you.

Mr. PARSONS. We have been so advised.

The CHAIRMAN. As to any information that I might ask about, as to the case, or about direct leads to it—I was simply asking the question if, first, he wasn't indicted in this narcotics case with Mr. Davidian or if he was.

Mr. PARSONS. Yes; he was.

The CHAIRMAN. As shown by the record here there are a number of others that were indicted along with Mr. Sica. We have a list of all those names.

Anyway, the other thing I wanted to ask about was whether Davidian had turned State evidence.

Mr. PARSONS. We were so informed, Senator.

The CHAIRMAN. I believe the Bureau of Narcotics had him down at Fresno trying to take care of him down there, or the testimony we had in Washington was they were protecting him down there and some way or other he was killed before the trial.

Mr. PARSONS. That was the newspaper report; yes.

The CHAIRMAN. You have had other narcotic charges against you. I am not talking about this one, but in years past?

Mr. SICA. No; I have not.

The CHAIRMAN. That is all I have.

Mr. RICE. Where were you born?

Mr. SICA. In Newark, N. J.

Mr. RICE. Were you raised there?

Mr. SICA. I was raised there for about 15 or 16 years, and then I came to California. I was about 15 or 16 years old at the time.

Mr. RICE. Did you know Abner "Longie" Zwillman back there?

Mr. SICA. No; I didn't.

Mr. RICE. How about Willie Maretti?

Mr. SICA. I don't recall the name.

Mr. RICE. You do not remember the name?

Mr. SICA. No.

Mr. RICE. How about Jerry Catena?

Mr. SICA. No.

Mr. RICE. How about "Nig" Rosen?

Mr. SICA. No.

Mr. RICE. Or Herman Stromberg?

Mr. SICA. No.

Mr. RICE. They are all Jersey men.

Did you know Willie Weisberg?

Mr. SICA. No, sir.

Mr. RICE. Do you think that you might know Willie Maretti?

Mr. SICA. I can't say that I do or do not.

The CHAIRMAN. Do you have anything further?

Mr. RICE. I have another question or two.

Do you know of the Paga Paga Club in San Bernardino?

Mr. SICA. I know a Paga Paga Club in Colton; yes, sir.

Mr. RICE. In San Bernardino County?

Mr. SICA. Yes.

Mr. RICE. Do you have an interest in that?

Mr. SICA. No, sir; I have not.

Mr. RICE. I have nothing further.

The CHAIRMAN. Anything further from anyone?

Mr. ROBINSON. No questions.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. That will be all. The next witness will be Allan Smiley.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMILEY. I do.

# TESTIMONY OF ALLAN SMILEY, LOS ANGELES, CALIF., ACCOMPANIED BY OTTO CHRISTENSEN, ATTORNEY, LOS ANGELES, CALIF.

Mr. SMILEY. I would like to have my counsel here.

The CHAIRMAN. Your what?

Mr. SMILEY. My lawyer.

The CHAIRMAN. Is this your lawyer?

Mr. SMILEY. Yes.

(Otto Christensen appeared as counsel for the witness.)

The CHAIRMAN. Allan Smiley is here to testify and Mr. Otto Christensen is appearing as his attorney. The record can show that.

Who was it you represented, Mr. Christensen, when we were here the last time?

Mr. CHRISTENSEN. No one here, but I did represent Mr. Rosseli in Chicago. He was being interviewed at the time.

The CHAIRMAN. What was his first name?

Mr. CHRISTENSEN. John Rosseli.

The CHAIRMAN. Mr. Christensen is an attorney in Los Angeles and came to Chicago for Mr. Rosseli's testimony. Now, let's get down to the essential things.

Mr. RICE. What is your name?

Mr. SMILEY. Allan Smiley.

Mr. RICE. Do you have any other names?

Mr. SMILEY. That is my name that I always use.

Mr. RICE. The name you have always used?

Mr. SMILEY. Yes, sir.

Mr. RICE. What is your family name? What name were you born under?

Mr. SMILEY. It is a derivative from the Jewish family name.

Mr. RICE. What name is that? Is it Smihoff?

Mr. SMILEY. It is a name that was given by the Immigration authorities when we came over from the other side; it is Smihoff; yes.

Mr. RICE. What other side did you come from?

Mr. SMILEY. From Europe.

Mr. RICE. What part of Europe? Were you born in Europe?

Mr. SMILEY. Yes, sir; to the best of my knowledge.

Mr. RICE. What part?

Mr. SMILEY. To the best of my knowledge, Russia.

The CHAIRMAN. I thought you came here from Canada.

Mr. SMILEY. I did, Senator. I came down from Canada when I was quite young.

The CHAIRMAN. You and your family came to Canada first, and then to this country?

Mr. SMILEY. Yes, sir.

Mr. RICE. Eventually you came out here to the west coast; is that correct?

Mr. SMILEY. Yes, sir.

Mr. RICE. And you recently have been convicted and sentenced to serve time?

Mr. SMILEY. Yes, sir.

Mr. RICE. And you are presently incarcerated; is that correct?

Mr. SMILEY. Yes.

The CHAIRMAN. What was that for?

Mr. SMILEY. Claiming false citizenship is the charge, on an arrest slip, on a booking slip in the sheriff's office.

The CHAIRMAN. Well, we don't need the details. It is a charge that you did not make full representation or that you made false representation in your citizenship application; is that it?

Mr. CHRISTENSEN. No. On a form in the sheriff's office, on the booking slip, he was arrested for shooting dice and then they booked him. They had a question on the form asking when he was born and how long he had been in the United States and whether he was

a United States citizen. He answered the question "Yes." That was the charge.

Mr. RICE. There was some testimony here yesterday that you, along with "Bugsy" Siegel were interested in the Flamingo Club out here in Nevada; is that right?

Mr. SMILEY. Yes, sir.

Mr. RICE. What was the story on that? What percentage did you have of the Flamingo Club?

Mr. SMILEY. That is a matter of record.

Mr. RICE. What is it?

Mr. SMILEY. I don't know exactly. I don't remember exactly just what it is or how it wound up because there were different financings about it and what it actually was I am not sure. It is all a matter of record.

Mr. RICE. What did you put into it?

Mr. SMILEY. That is also a matter of record.

Mr. RICE. Well, let us put it on this record here.

The CHAIRMAN. If you can't remember the exact amount give us your best estimate. We are not interested in dollars and cents. Just give us your best estimate that you can give.

Mr. SMILEY. Well, I just don't remember exactly right now.

Mr. RICE. Was your interest \$100?

Mr. SMILEY. It was more than that.

The CHAIRMAN. We will get along a whole lot faster if we don't have to drag everything out of you. If you will give us your best idea about what you put in, what you invested, and what your investment was, we will get through. Let's not unduly drag this out; otherwise we will be here a long time.

Mr. SMILEY. I will be glad to try to get the books for you or whatever records there are of it.

Mr. RICE. Can't you tell us the answer? You know; you were in the organization, your money was invested. How much did you have in the Flamingo Club?

Mr. SMILEY. Offhand, exactly, I don't know, or I don't remember.

Mr. RICE. Can you come within \$10,000 of it?

Mr. SMILEY. I might be able to but I don't see any reason for me making a guess of it when it is all a matter of record and can be easily found out.

Mr. RICE. Well, it cannot very easily be found out through you. Tell us whether you had \$10,000, \$20,000, or \$30,000 invested in the Flamingo?

Mr. SMILEY. I would have to look at the records to see just what it is.

Mr. RICE. Do you want to say that you do not know?

Mr. SMILEY. The exact figure I don't know.

Mr. RICE. And you could not come within \$10,000 of what you had in there?

Mr. SMILEY. Yes; I probably could.

Mr. RICE. Won't you make a try?

Mr. SMILEY. I don't want to guess.

Mr. RICE. Well, make a try, will you?

Mr. SMILEY. I don't want to guess at it.

Mr. RICE. You just do not want to?



Mr. SMILEY. I don't want to guess at it.

The CHAIRMAN. If he doesn't want to guess, let's get on with something else.

Mr. RICE. Who were the other people that had an interest in there?

Mr. SMILEY. There were several people.

Mr. RICE. Name them, will you?

Mr. SMILEY. That is also a matter of record.

Mr. RICE. Who were the other parties or the other people who had money invested?

Mr. SMILEY. Well, I don't remember all of them right now.

Mr. RICE. Who was one of them?

Mr. SMILEY. Benjamin Siegel was one of them.

Mr. RICE. Benjamin Siegel?

Mr. SMILEY. Yes.

Mr. RICE. Who else?

Mr. SMILEY. Sedway.

Mr. RICE. Moe Sedway?

Mr. SMILEY. Yes.

Mr. RICE. Where did he come from?

Mr. SMILEY. You will have to ask him that.

Mr. RICE. You do not know?

Mr. SMILEY. No; I don't know exactly just where he comes from.

Mr. RICE. So far we have Siegel and Sedway and yourself. Who else was interested in that place? Did Frank Errikson have anything in there?

Mr. SMILEY. No; not that I know of.

Mr. RICE. How about Frank Costello?

Mr. SMILEY. No; not that I know of.

Mr. RICE. We have Sedway, Siegel, and Allan Smiley; is that it?

Mr. SMILEY. There were quite a few others; Rothberg.

Mr. RICE. Well, that is four. How about "Doc" Rosen, was he in it?

Mr. SMILEY. I don't believe I know any "Doc" Rosen.

Mr. RICE. How about Morrie Rosen?

Mr. SMILEY. Yes; I believe he had something to do with it; yes, he is a partner.

Mr. RICE. Anyone else?

Mr. SMILEY. I am trying to think.

Mr. RICE. Any of the Lansky boys?

Mr. SMILEY. He might have had an interest.

Mr. RICE. Which one? Would that be Jake or Meyer?

Mr. SMILEY. I am not sure which one it was.

Mr. RICE. Well, I think it was Meyer.

Mr. SMILEY. Well, I really wasn't sure. I have to be very careful after the sad experience I had about one question that I was convicted on.

Mr. RICE. Well, I can't blame you for that. Now, there was some testimony here that there came a time when Siegel came down here to Beverly Hills and had a sad experience. What was that about? Tell us about that.

Mr. SMILEY. What is it you want to know about that?

Mr. RICE. Were you there?

Mr. SMILEY. I was there when he was killed; yes.

Mr. RICE. What were you doing there?

Mr. SMILEY. I was sitting there alongside of him talking to him.

Mr. RICE. Who else was there?

Mr. SMILEY. There was no one in the same room, I don't think there was anybody else, but in the house there was, I believe, a Chinese cook and Virginia Hill's brother, a fellow by the name of Charles Hill, and a little girl, whose name I don't remember offhand, but she later became his wife.

Mr. RICE. What did you go over there for at that time? This was Virginia Hill's place, was it not?

Mr. SMILEY. Well, I couldn't say just whose place it was.

Mr. RICE. You knew where you were, did you not?

Mr. SMILEY. Yes; I knew where I was.

Mr. RICE. What did you go there for?

Mr. SMILEY. I was in the house. I went over there just like I would go anywhere else. We were to have had dinner. We had a late dinner.

Mr. RICE. Who did you go to see?

Mr. SMILEY. I went to dinner with the people that I mentioned; Siegel and this Charles Hill and the little lady and we all went back there.

Mr. RICE. Had he invited you over to dinner, "Bugsy" Siegel?

Mr. SMILEY. Yes; he had.

Mr. RICE. Or did you come there with him?

Mr. SMILEY. We didn't have dinner there but at another place.

Mr. RICE. Where did you have dinner?

Mr. SMILEY. We had dinner in a restaurant at the beach.

Mr. RICE. Then you went back to this place; is that correct?

Mr. SMILEY. Yes; then we went back there.

Mr. RICE. While you were at the restaurant at the beach, did you make any telephone calls?

Mr. SMILEY. I am pretty sure that I did not.

Mr. RICE. While you were at the house did you make any telephone calls?

Mr. SMILEY. The home where he was at?

Mr. RICE. Yes. Did you make any telephone calls there?

Mr. SMILEY. I am quite sure I did not.

Mr. RICE. Think back to when you were in the restaurant and see if you can think of making any telephone calls.

Mr. SMILEY. I am quite sure that I did not; it is over 3 years ago. I am quite certain I didn't make any phone calls.

Mr. RICE. There is some indication that there was a telephone call made to Las Vegas just shortly before that. Do you know anything about that?

Mr. SMILEY. I am sure I did not make it because if it was a long-distance telephone call I would have more reason to remember it.

Mr. RICE. You are certain that you made no long-distance telephone calls to Las Vegas that night at all?

Mr. SMILEY. I am certain I did not; that is right.

Mr. RICE. What was Bugsy Siegel's reason for coming over here?

Mr. SMILEY. You mean Benjamin Siegel?

Mr. RICE. Yes, Benjamin Siegel.

Mr. SMILEY. You mean what was his reason for coming over here?

Mr. RICE. Yes.

Mr. SMILEY. Well, he would come in and out on different occasions.

Mr. RICE. On this particular trip, what was he doing over here?

Mr. SMILEY. To the best of my recollection his two daughters were coming in from New York and he came in to meet them. There might have been a lot of other business in between but one of the main reasons was because his two daughters was coming in.

Mr. RICE. All right. They were coming in but he got rubbed out; is that right?

Mr. SMILEY. Yes, he got killed.

Mr. RICE. After that did you retain your interest in the Flamingo Club?

Mr. SMILEY. No, sir; I didn't. I mean it was about 30 days after that I relinquished my interest.

Mr. RICE. You relinquished your interest in the Flamingo?

Mr. SMILEY. Well, the place went on and I had no more interest in it.

Mr. RICE. But you had a percentage in it?

Mr. SMILEY. But not after it was sold.

Mr. RICE. Not after it was sold?

Mr. SMILEY. No.

Mr. RICE. You mean after your interest was sold in the Flamingo?

Mr. SMILEY. Yes.

Mr. RICE. What caused you to sell your interest?

Mr. SMILEY. Well, my interest was mostly through Benjamin Siegel. I just didn't care about going along with it.

Mr. RICE. You lost all interest in it?

Mr. SMILEY. I don't remember what the reason was.

Mr. RICE. When Benjamin Siegel was killed you lost any interest in your part of the Flamingo?

Mr. SMILEY. Well, to a certain extent that might be it. It was a terrible shock to me and I didn't care if the hotel burned up right at that time.

Mr. RICE. To whom did you sell it?

Mr. SMILEY. A group of people headed by Sanford Adler, at the time, and I believe also Gus Greenbaum.

Mr. RICE. Did you sell your interest to that group, to the Adler-Greenbaum group?

Mr. SMILEY. Yes.

Mr. RICE. Greenbaum is a fellow that had something to do with the contract to build the place; isn't that right?

Mr. SMILEY. No, sir, I don't believe he had anything to do with building the place.

Mr. RICE. Did he arrange for the contractor?

Mr. SMILEY. I don't believe he had any interest at all originally in that.

Mr. RICE. Where did Greenbaum come from?

Mr. SMILEY. To the best of my knowledge, from Phoenix, Arizona.

Mr. RICE. Was Greenbaum a wire-service man previously?

Mr. SMILEY. That I could not tell you.

Mr. RICE. It is possible, isn't it?

Mr. SMILEY. Anything is possible.

Mr. RICE. After you sold out your interest in the Flamingo what did you do?

Mr. SMILEY. Let me get the continuity of that.

Mr. RICE. Pardon me.

Mr. SMILEY. I am just trying to get the continuity. After I got out of the Flamingo I went——

Mr. RICE. You went down into Texas sometime after that, didn't you?

Mr. SMILEY. I was just getting to that. Shortly after the Flamingo thing, why, I was being harassed by the different law-enforcement officers because of the notoriety of the thing, and up until the time that a friend of mine gave me a chance to go in to the oil business in Texas I had been harassed by the law-enforcement officials.

Mrs. RICE. What was his name, this fellow in Texas. Was that Josey?

Mr. SMILEY. Lenore Josey.

Mr. RICE. Was that down in Dallas, Tex.?

Mr. SMILEY. No, in Houston, Tex.

Mr. RICE. He is in the oil business himself, isn't he?

Mr. SMILEY. Yes, he is.

Mr. RICE. You mean he gave you an opportunity to go into the oil business?

Mr. SMILEY. That is right.

Mr. RICE. What were you to do in the oil business?

Mr. SMILEY. Well, when I see an opportunity, and he has sort of a closed company there, with his uncle, his brother, and his son stand the entire expense outside of maybe one or two intimate friends. Well, as a matter of fact, how it started was that I was having all this trouble.

Mr. RICE. What were you supposed to do in the oil business? What was your function? What did they hire you to do? What was your arrangement?

Mr. SMILEY. Well, that is a pretty hard question to answer. I will tell you why.

Mr. RICE. Why?

Mr. SMILEY. Actually from a standpoint of manpower he didn't need me, but the man was trying to give me an opportunity to get straightened out. He was just interested in helping me. It wasn't anything that I was going to revolutionize the oil business for him, or anything like that.

Mr. RICE. When you got with Josey, did you then go over to New Orleans on one occasion or two occasions?

Mr. SMILEY. I had been to New Orleans a couple of times, yes.

Mr. RICE. With Josey?

Mr. SMILEY. I had never been to New Orleans with Josey, no; I don't even remember ever being in New Orleans with Josey.

Mr. RICE. Did you go out to the Beverly Club when you were in New Orleans?

Mr. SMILEY. I went out to the Beverly, yes.

Mr. RICE. Now, it seems to me that Phil Kastel, who operates the gambling club down there, that he testified you were there and it seems to me—and I could be wrong—but that Josey was along.



Mr. SMILEY. I don't ever remember being at the Beverly Club with Josey. I have been to the Beverly Club myself, but I don't remember being there with him.

Mr. RICE. Who do you remember being at the Beverly Club with?

Mr. SMILEY. I was there with my wife.

Mr. RICE. Were you there with anyone else?

Mr. SMILEY. I don't remember offhand, but I am quite sure that Josey was never in the Beverly Club with me.

Mr. RICE. Well, I am just as sure that there were some transactions between Kastel and Josey, whether you were there or not. I thought you might be able to throw some light on that.

Mr. SMILEY. There was never any transaction between Josey and Kastel that had anything to do with me, and that I am very sure of.

Mr. RICE. What was Kastel's business?

Mr. SMILEY. He has the Beverly Club.

Mr. RICE. And that is a gambling place, is it?

Mr. SMILEY. It is a restaurant and there is gambling there.

Mr. RICE. It is said that you were a man who was interested in acting as a procurer or shill to bring wealthy Texas oil people over to the Beverly Club; is there anything to that?

Mr. SMILEY. I will spit in anybody's face who tries to even insinuate anything about procuring for anybody or any shilling proposition.

Mr. RICE. There is nothing to that at all?

Mr. SMILEY. Absolutely not.

Mr. RICE. When you went down to Texas, wasn't Mickey Cohen down there with you?

Mr. SMILEY. No, sir.

Mr. RICE. It seems to me that I recall something about that, some testimony about that.

Mr. SMILEY. You said was Mickey Cohen down with me? Well, I read in the papers that he was there for a day or two while I was there, but I never saw him.

Mr. RICE. That was just a coincidence?

Mr. SMILEY. That I didn't see him?

Mr. RICE. Yes.

Mr. SMILEY. It was just a coincidence; yes.

The CHAIRMAN. When you were in the scratch-sheet business, did you have anything to do with Jack Dragna or did you know him at that time?

Mr. SMILEY. I have never been in the scratch-sheet business.

The CHAIRMAN. You weren't in the scratch-sheet business at any time?

Mr. SMILEY. No, sir.

The CHAIRMAN. I am sorry.

Weren't you with a wire-service outfit at one time, when there was some difference in ownership, and Trans-America came in?

Mr. SMILEY. No, sir.

The CHAIRMAN. That wasn't you?

Mr. SMILEY. No, sir.

Mr. RICE. I take it that you did not stay down with Josey very long, did you, in the oil business?

Mr. SMILEY. I am still in the oil business and I take it that I did.

Mr. RICE. You are still in business with Josey, are you?

Mr. SMILEY. Yes, sir.

Mr. RICE. Have you been down to Dallas in the last year or so?

Mr. SMILEY. I have been in Houston; that is where the office is. I was there right up until the time that they were ready for me to appear in court.

Mr. RICE. What was your job with the company? By the way, what was the name of the company?

Mr. SMILEY. Well, it is L. M. Josey, Inc.; the Windsor Oil Co.

Mr. RICE. These places are in Houston, are they?

Mr. SMILEY. Yes.

Mr. RICE. In what building?

Mr. SMILEY. The National Standard Building; 1706 National Standard Building, Houston, Tex.

Mr. RICE. What were your duties?

Mr. SMILEY. Well, they are a little hard to define. It is getting leases and things of that order.

Mr. RICE. Did you ever acquaint Kastel and Josey and get a lease that involved Kastel and Josey?

Mr. SMILEY. I have absolutely had no business connections with Kastel, in leases, oil, or anything else.

Mr. CHRISTENSEN. May I interrupt for a moment? He may have misunderstood you about what this employment was. I don't think he followed you in your questioning. I happen to know something about the situation down there.

Mr. RICE. Let me get at it this way: What were you arrangements for compensation through Mr. Josey? How were you to be paid?

Mr. SMILEY. Originally how I was to be paid was: he had offered me \$25,000 a year to come down there and I didn't feel that I could earn that in the oil business; that any of my efforts would be worth that much, and I refused to take it. He just helped me get in to some deals. Offhand, that is pretty hard to explain. At one time he told me that there was a piece of property with quite a few wells on there for sale. He told me if I could go out and promote the money for it that I would be entitled to an interest in it. So I called somebody up and had them come down.

Mr. RICE. Who did you call up?

Mr. SMILEY. Well, that is beside the point.

Mr. RICE. Is it?

Mr. SMILEY. Yes; I think so.

The CHAIRMAN. Well, we will decide that, Mr. Smiley, whether it is beside the point or not.

Mr. SMILEY. I am not going to have somebody just get notoriety through me for no reason at all. I am trying to explain one question and you are going to another question. Anyway, he came in and the deal was so good he was supposed to be able to practically get all the money from the bank. The bank didn't take to him, apparently, and it looked like the deal was falling through. Mr. Josey offered to go my loan at the bank for \$175,000, if my end of it was holding the deal up. I refused to let him do that because I didn't think that I was financially able to assume an obligation like that. Apparently, though, he knew what he was doing. The property has practically paid out for itself anyhow. There are a lot of things like that in the oil business but it is awfully hard to explain or to answer.

Mr. RICE. What did you get out of any of these deals by way of money?

Mr. SMILEY. Well, that remains to be seen.

Mr. RICE. So far you haven't received anything?

Mr. SMILEY. Yes; I have something. I have a piece of property but I am paying back the bank note on it.

Mr. RICE. Was that your compensation? Is that your compensation so far, a piece of property?

Mr. SMILEY. A field with some wells on it.

Mr. RICE. Where is the field?

Mr. SMILEY. In Liberty County, Tex.

Mr. RICE. Are you an owner of record?

Mr. SMILEY. Yes, sir; I am.

Mr. RICE. Have you been in Texas, shall we say, in the last 6 months?

Mr. SMILEY. Yes, sir.

Mr. RICE. In connection with Josey's business?

Mr. SMILEY. In connection with my oil business; yes. As a matter of fact, the last time I was there was on January 3; I was there then and I was there after that.

Mr. RICE. You said that this fellow Josey guaranteed your note for \$175,000?

Mr. SMILEY. I didn't say that; I said he offered to.

Mr. RICE. He offered to; is that right?

Mr. SMILEY. Yes.

Mr. RICE. He never did do it, though; did he?

Mr. SMILEY. No; he didn't do it because I didn't let him do it.

The CHAIRMAN. Have you ever had any lawyer represent you out in Texas—a lawyer in Dallas, Tex.—in any matters that you were involved in?

Mr. SMILEY. In Houston, Tex.

The CHAIRMAN. In Houston or in Dallas?

Mr. SMILEY. In Houston I have; yes.

The CHAIRMAN. Who is your lawyer there in Texas?

Mr. SMILEY. Well, I have had Mr. Sheppard from Vincent Elkin's office do some work for me.

The CHAIRMAN. Has Mr. Howard represented you in any matter?

Mr. SMILEY. I don't believe I know him.

The CHAIRMAN. I am sorry; I meant Mr. Hughes in Dallas.

Mr. SMILEY. I am sure I don't know any Mr. Hughes.

Mr. RICE. Do you know Tom Whelan?

Mr. SMILEY. Yes, sir; I do.

Mr. RICE. Is he in business with you?

Mr. SMILEY. No, he is not.

Mr. RICE. What business is he in?

Mr. SMILEY. As far as I know he is in the oil business.

Mr. RICE. In the oil business?

Mr. SMILEY. Yes.

Mr. RICE. Is he in a different oil business than you are in?

Mr. SMILEY. Yes, sir, he is; I believe he is in the oil business in the State of Wyoming.

Mr. RICE. There is no connection between your oil business and Tom Whelan's oil business?

Mr. SMILEY. None whatsoever; no.

Mr. RICE. Didn't he get picked up here or his girl friend get picked up, and didn't your wife put up a bond for Whelan?

Mr. SMILEY. No; she sure didn't.

Mr. RICE. There is nothing to that; is that right?

Mr. SMILEY. Absolutely not. I was in Houston at the time and I am sure my wife didn't put up any bond for anybody.

Mr. RICE. You were in Houston when Whelan's girl friend got picked up?

Mr. SMILEY. Yes, sir; I was.

Mr. RICE. What was that for?

Mr. SMILEY. Well, I don't know what they were picked up for. There was some newspaper publicity on it but I don't know what it was. It was the result of some kind of a fight. I don't know just what it was; I wasn't here.

Mr. RICE. Was that a fight with "Bones" Remmer that he had?

Mr. SMILEY. I told you I wasn't here. It is all hearsay on my part.

Mr. RICE. I have no further question.

The CHAIRMAN. Any other questions by anyone?

Mr. ROBINSON. I have nothing.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. All right; that is all.

Is there anyone here whose name has been used and wants to make some explanation about it? I understood that somebody was here and wanted to be heard.

Do you want to be heard?

Miss GOULD. Yes; I should like to be heard.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Miss GOULD. I do.

### TESTIMONY OF MISS POLLY GOULD, LOS ANGELES, CALIF.

The CHAIRMAN. The only thing your name was used in connection with, Miss Gould, was that you knew something about a meeting with Utley or a meeting with the mayor.

Miss GOULD. According to the statement that I read in the newspapers the mayor said I came to him as an emissary of Jimmie Utley to make a deal. Since that is the case, I would like to make my explanation because I have to work in this town, and I have never been employed by Mr. Utley.

The CHAIRMAN. We will be glad to hear from you. As I remember it, the mayor said—and I don't think he intended to cast any aspersions on you, but I think he said there was some evidence that Utley was taking some active part in connection with the recall movement. I don't think he said you came to him, and I may be wrong, but to his office or to his secretary and made some representation that all that Utley wanted was just to be treated like anyone else, particularly if he cut out any further improper activities.

You make any explanation you want, but let's not go into a long history of the controversy that you have had with Utley or with the mayor.



Miss GOULD. Fine. The only statement I would like to make is this: Mr. Utley asked me to see Mayor Bowron to see whether in exchange for calling off the recall, which he said he could do in a minute, Mayor Bowron would allow him three things: First, not have him roused any more in town; No. 2, that he wanted to go into business and if any licenses had to be given out by the police commission, he should be treated with the same courtesy and same respect as anyone else because he felt that he had paid his debt to society.

I asked him why he didn't go to the mayor himself, and he said that things don't happen that way and when I got down there that I would find out the mayor knew him and knew him quite well. I was to tell the mayor that he was responsible for Clifford Clinton swinging the previous election. In return for my going down there Mr. Utley was going to give me some information that I was working on. I went down to the mayor and I told him what I was supposed to.

He said, "I don't make any deals," but he said, "These seem like reasonable requests; I don't believe in rousting, and what does Mr. Utley have in mind?"

I told him what he told me and he said, or it was said if he was interested that they had a mutual friend down at Palm Springs and could talk this over.

Mayor Bowron said that it wouldn't be necessary for anything like that; that I could go back and tell Mr. Utley that the requests were reasonable and they should be given to him as his constitutional guaranty and I gave him whatever information I could.

Now, I would like to tell you, because I want this as a matter of record, recordings of every single meeting with Mr. Utley were made and those recordings are in the hands of the San Francisco Police Department, so there is verification of what I have to say. Mr. Utley gave me information which I brought down to the mayor. The mayor would very often call for more. It got to a point where Mr. Utley felt he was not living up to his word—that the mayor wasn't—because he was still being roused so much, and he began to take exception to me. It looked like the minute he began associating with me the police pulled him out of his car and did everything to him; roused him. He said at that time that he would go on with the negotiations at that time but through another party.

Mayor Bowron himself called me and asked me to bring down samples of the recall petitions that Utley said he could get, so he could find legal ways and means to offset the thing. In the beginning I believed everything he said, and when he said he was taking steps to save the taxpayers money, and also because it was important that he do a job of civic worth, I felt it was right.

Then when bombshells were being tossed in my own direction, I thought there must be something wrong. When the story broke in the newspapers last year about the recordings, I felt that Mayor Bowron should certainly let it be known that I was doing a respectable job of work and was not an associate of Mr. Utley or any other gangster. I have never received a cent of pay from anybody except the people I was working for up in San Francisco.

The CHAIRMAN. Well, there is nobody I know of that has accused you of being associated with Utley or any gangsters or anybody who has been guilty of doing anything wrong, except in connection with

certain information that we were trying to get. So far as I know, what you say the mayor told you is just about what he told us.

Miss GOULD. Well, the mayor actually did call up and ask me to bring down petitions and I refused to bring them down because I felt that was interfering with the ballot or something like that. I didn't want to get into any trouble.

The CHAIRMAN. Well, I think we understand you. Well, you did find that there was a Big Five, didn't you, who were taking the lead in the recall?

Miss GOULD. Let's say I didn't find that out; let's put it this way: All I know is what Mr. Utley told me. I can't vouch for his authenticity because it could be bunk just as well as the truth, but that is what I was told.

The CHAIRMAN. That is what you were told and that is what these records say?

Miss GOULD. Yes; and the conversations.

The CHAIRMAN. The purpose of the Big Five—and we shall not name the Big Five, because that is just a statement that has been made—but the purpose was to open up the town and have gambling and other things of that sort; a freer licensing system and what not.

Miss GOULD. Mr. Utley stated to me that the only reason he wanted to fight the recall, despite the fact that he told me he had money in the recall, was that two of the men that were in that group would make it very hard for him to make a living if they came into power. As a result of that he decided he would throw in his lot anyway. If the mayor went in, then he would be in a very healthy position of having done the mayor a favor.

The CHAIRMAN. You mean that while he had money in the recall, with five or six others who had joined together to put the recall over, he thought some of the other people at the time were bigger shots than he was and might get the better deal, so he was willing to leave his money in the recall but use his influence in the other direction to minimize what he was doing, if the mayor would just treat him as an average citizen?

Miss GOULD. Yes; he wanted to stop being roused. I know Mr. Utley's reputation, but I have to admit anything he had to do with me during that period of time he always kept his word.

The CHAIRMAN. Is there anything else you want to say?

Miss GOULD. No; just as long as I can get that into the record.

The CHAIRMAN. All right; thank you.

Is there anyone else whose name has been brought out at this hearing that wants to make any statement?

(No response.)

The CHAIRMAN. At this time we will take a short recess.

(Short recess.)

The CHAIRMAN. The committee will come to order.

Our next witness will be Mr. Morris Dalitz.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DALITZ. I do.

**TESTIMONY OF MORRIS DALITZ, DETROIT, MICH., ACCOMPANIED  
BY CHARLES CARR, ATTORNEY, LOS ANGELES, CALIF.**

The CHAIRMAN. Let the record show that Mr. Charles Carr, attorney at law of Los Angeles, whom the chairman knew back in the Yale Law School some years ago, is representing Mr. Dalitz.

(Charles Carr appeared as counsel for the witness.)

The CHAIRMAN. Mr. Dalitz, when this committee came out to Cleveland to make an investigation, you were not to be found in Cleveland. You do live at Cleveland; do you not?

Mr. DALITZ. No, sir.

The CHAIRMAN. Where do you live?

Mr. DALITZ. Detroit, Mich.

The CHAIRMAN. Detroit, Mich.

Mr. DALITZ. Yes.

The CHAIRMAN. What is your address in Detroit?

Mr. DALITZ. 400 Park View Drive.

The CHAIRMAN. Efforts were made to serve a subpoena on you at various and different places but without any success. You were aware of that; were you not?

Mr. DALITZ. I assumed that there was a subpoena for me from what I read in the papers.

The CHAIRMAN. You read about it in the papers; did you?

Mr. DALITZ. Yes.

The CHAIRMAN. The marshals at Cleveland, Detroit, and other places had a subpoena for you but could not locate you.

Mr. DALITZ. Nobody came to my home with a subpoena.

The CHAIRMAN. Didn't they come to your home inquiring about you?

Mr. DALITZ. Not to my knowledge, Senator.

The CHAIRMAN. You were not there; you had left.

Mr. DALITZ. I have been back and forth a few times; yes.

The CHAIRMAN. Anyway, the newspapers carried it and your picture in the Cleveland papers and the Detroit papers, and all over the Nation, and it was impossible to get in touch with you. We want to know why you deliberately tried to dodge the committee.

Mr. DALITZ. Did you say my picture?

The CHAIRMAN. Yes. I think your picture was published.

Mr. DALITZ. No, Senator.

The CHAIRMAN. Anyway, your name was carried in the papers; you saw that, did you?

Mr. DALITZ. Yes, I did.

The CHAIRMAN. Why didn't you let us know where you were so we could have you come in and testify at Cleveland or Detroit?

Mr. DALITZ. Well, Senator, I, frankly, was just alarmed at the whole thing and all the publicity; I have never had any publicity in the past.

The CHAIRMAN. You have never had any publicity in the past?

Mr. DALITZ. No, sir.

The CHAIRMAN. At any rate, Mr. Dalitz, we filed a resolution and got one passed to authorize the Sergeant at Arms to get all agencies of the Federal Government to try to locate you. You were over at Las Vegas at the Desert Inn; is that correct?



Mr. DALITZ. Yes, sir.

The CHAIRMAN. I believe the marshal finally served a subpoena on you; is that right?

Mr. DALITZ. No; I called the marshal.

The CHAIRMAN. You called the marshal?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. After you had gotten in touch with your attorney and he had gotten in touch with the committee, you mean.

Mr. DALITZ. That is right; yes.

The CHAIRMAN. In that connection we have a similar situation with a Mr. George S. May, who comes from Chicago, and who has a large public-relations business here and I think also in San Francisco, as well as in Chicago. We have been trying very hard to locate Mr. May. Warrants or subpoenas have been sent to Los Angeles, San Francisco, and Chicago, and if Mr. May is available we would like very much to have him testify while we are on the west coast. We would like for him to testify either here or at San Francisco. Unless we do find Mr. May after all of these efforts and after a great deal of publicity has been given him, we will have to take the same procedure with Mr. May as we did with you, Mr. Dalitz.

Now, Mr. Dalitz, you go by Moe or Morris?

Mr. DALITZ. Moe Dalitz, Senator, yes; or Morris Dalitz.

The CHAIRMAN. Haven't you also been known as Moe Davis?

Mr. DALITZ. Yes.

The CHAIRMAN. How do you happen to be known by that name?

Mr. DALITZ. Well, I would think it is mostly the similarity of the names. Dalitz is mistaken for Davis many times, but I have always used my name Dalitz on my automobile license or any documents or any hotel registrations; I have always introduced myself as Dalitz. Davis became sort of a nickname.

The CHAIRMAN. Mr. Dalitz, while you are here, and in order to shorten the time as much as possible, and to give you a chance to answer if it isn't true, we asked Virgil Peterson of the Chicago Crime Commission, who has made a study of the records and of the activities of people all over the United States, to give us a brief summary of the information that he had gathered about various people, and in your own justice you should be able to answer any parts of it if it isn't true.

Mr. Robinson, I believe you have the general subject matter of what Mr. Peterson said. Will you read it and let it be put into the record? When Mr. Robinson gets through, Mr. Dalitz, if you want to make any explanation about any part of it, you will be given an opportunity.

Mr. DALITZ. Yes, Senator.

Mr. ROBINSON (reading):

In the 1930's, according to J. Richard "Dixie" Davis, who was the lawyer for the slain gangster "Dutch" Schulz, a national syndicate was operated from New York City by Charles "Lucky" Luciano, Benjamin "Bugsy" Siegel, and Meyer Lansky. Dixie Davis who, of course, was in a position to know what he was talking about, stated that Moe Davis became the power in Cleveland, Ohio, and anyone who would question it would have to deal with Lucky and Meyer and Bugsy.

Moe Davis has been closely associated in gambling enterprises in the Cleveland area for many years with Maurice Kleinman, Lou Rothkopf alias Lou Roddy alias Lou Rhody, Thomas Jefferson McGinty, and others. Rothkopf, Kleinman, and Davis maintained a suite in the Hollenden Hotel, Cleveland, for many years. Members of this group have been in association with some of the biggest racket-



teers from the east coast to the West. They have maintained contact, for example, with Abner "Longie" Zwillman, of New Jersey, and it is known that Lou Rothkopf was in very close contact with Mickey Cohen and Jack Dragna, notorious west coast gambling racketeers.

In the late 1930's a series of lawsuits was filed against Maurice Kleinman, Moe Davis, Louis Rothkopf, and Thomas Jefferson McGinty, who were named as operators of gambling joints known as the Thomas Club, the Arrow Club, which subsequently became known as the Pettibone Club.

In the early 1930's Kleinman, Rothkopf, and Davis were partners in a front for a gambling operation called the Prospect Advertising Co.

On February 3, 1931, William E. Potter, a Cleveland City councilman, was slain in one of the most sensational crimes ever committed in Cleveland. The most logical suspect insofar as the murder was concerned was one "Pittsburgh" Hymie Martin. Moe Davis and Lou Rothkopf were with "Pittsburgh" Hymie until a few hours before the slaying. Davis was also with Hymie until an hour prior to the arrest of Hymie, who was charged with the murder of Potter. Pittsburgh Hymie was tried for this murder and was convicted. He won a retrial, however, and was acquitted. It was alleged that Potter had been killed because it was feared that he was about to expose some crooked deals.

The police had traced checks written by a city official to the Prospect Advertising Co., operated by Moe Davis and Morris Kleinman.

In recent years Davis, Kleinman, and Rothkopf have been connected with the operation of the Mound Club, the Pettibone Club, the Jungle Inn, located near Youngstown, Ohio, the Beverly Hills Club, and the Lookout House near Cincinnati.

It is known, of course, that Thomas Jefferson McGinty has been an important figure in the operation of the Mound Club. Several years ago it was alleged that Moe Davis was then connected with a gang which was known as the Mayfield Road gang.

Some of Davis' former associates have included Joe Massei of Detroit, Mich., Abner "Longie" Twillman, of New York, and certain members of the Capone gang in Chicago.

The Mayfield gang subsequently fell under the leadership of Alfred P. "Big Owl" Polizzi and Frank Milano.

In 1945 a large amount of publicity attended the gang murder of Nathan "Nate" Weisenberg, the slot-machine king of Cleveland. Following that murder the syndicate composed of Kleinman, Rothkopf, Davis and others moved out of the Hollenden. At one time Moe Davis was interested in the River Downs race track and the Coney Island dog track located in Cleveland. He was also involved in a dog track at Dayton, Ky., together with Alfred P. Polizzi. The dog-track operation, however, lasted only 13 days before it was closed by the attorney general of Kentucky.

Moe Davis, also known as Moe Dalitz, is now the treasurer or was as of February 1950, and apparently still is, of the Desert Inn, Las Vegas, Nev., one of the most elaborate gambling establishments in America. Davis has resided at 400 Park View Drive, Detroit, Mich.

He has a number of legitimate enterprises there, including the Michigan Industrial Laundry Co. in Detroit. The combination of Davis, Kleinman, and Rothkopf are also allegedly interested in the Pioneer Linen Supply Co. in Cleveland. This group has also controlled a slot machine and gambling resort at Brady Lake, Ohio, and, as I mentioned before, has owned the Pettibone Club, a gambling place located in Geauga County, Ohio.

They are interested in a number of other legitimate businesses which I will make available to you. They are listed in this statement that I have here.

That seems to be the pertinent portion of it.

The CHAIRMAN. Do you want to make any comment about this, generally, Mr. Dalitz?

Mr. CARR. As I understand it, Senator Kefauver, I have a right to consult with him as we go along?

The CHAIRMAN. Yes, but we do not want too frequent consultations. Let him answer but if he feels the need of consultation, all right, it will be satisfactory to take off a minute or two for that.

Mr. CARR. Go ahead, Mr. Dalitz.

Mr. DALITZ. To start off with this thing about Dixie Davis, I never saw him in my life, and wouldn't know him if he was in this room.

I know that he couldn't have known me. I read that article; it was published in one of the magazines.

The CHAIRMAN. This is testimony before our committee. This is not an article.

Mr. DALITZ. I read that in a magazine many years ago, many years ago, Senator. Did you say it was 1930-something?

The CHAIRMAN. It also has information pertaining to February of 1950.

Mr. RICE. It indicates you went to the Desert Inn in 1950.

The CHAIRMAN. It is generally about the places that you were in and the associations you have had. Can you make any further statement about that?

Mr. DALITZ. My statement on Dixie Davis is a matter of record, is it, Senator?

The CHAIRMAN. Yes.

Mr. DALITZ. They mention names of places I have never heard of. I have never had a suite of rooms in the Hollenden Hotel in connection with Morris Kleinman and Lou Roddy. I have stopped at the Hollenden Hotel at various times, though.

The CHAIRMAN. How about these various gambling places and enterprises listed in the statement?

Mr. DALITZ. There are names in there that I never heard of.

The CHAIRMAN. Which ones? He mentioned the name of Abner "Longie" Zwillman. Do you know him?

Mr. DALITZ. Yes.

The CHAIRMAN. Did you know Lucky Luciano?

Mr. DALITZ. I don't know him; no.

The CHAIRMAN. You do know Thomas Jefferson McGinty and Morris Kleinman and Lou Rothkopf?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. And you know Polizzi?

Mr. DALITZ. Not too well. I haven't seen him over three or four times in the last 10 years.

The CHAIRMAN. You knew both Polizzis?

Mr. DALITZ. Yes.

The CHAIRMAN. And you know Tucker?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. And you know Jack Dragna?

Mr. DALITZ. No, sir, just by sight.

The CHAIRMAN. Do you know Mickey Cohen?

Mr. DALITZ. I never saw him in my life.

The CHAIRMAN. Do you own any businesses in California?

Mr. DALITZ. No, sir.

The CHAIRMAN. Or have you owned any?

Mr. DALITZ. No, sir. Senator, may I add just another thing?

The CHAIRMAN. Yes.

Mr. DALITZ. That there is a portion of that, that Mr. Robinson read, about this Potter murder in Cleveland. I have never been questioned on that. I have never been talked to about it and I never had any connection with it of any kind. I have never even been questioned about it even as a witness or by influence, or anything else.

The CHAIRMAN. Let's go ahead with more specific details in connection with that.

Mr. ROBINSON. The Thomas Club was mentioned in here; do you remember that?

Mr. DALITZ. The Thomas Club?

Mr. ROBINSON. Yes.

Mr. DALITZ. I have never been connected with it.

Mr. ROBINSON. How about the Arrow Club?

Mr. DALITZ. I don't remember that.

Mr. ROBINSON. It subsequently became known as the Pettibone Club.

Mr. DALITZ. I had no connection with that club for 8 years or more.

Mr. ROBINSON. But you did have a connection with that?

Mr. DALITZ. I stand on my constitutional rights on that.

The CHAIRMAN. What is that?

Mr. DALITZ. I refuse to answer that last question. It might tend to incriminate me.

The CHAIRMAN. What was the question?

Mr. DALITZ. Prior to 8 years ago whether I was interested in that club.

The CHAIRMAN. In the Pettibone Club?

Mr. DALITZ. Yes.

The CHAIRMAN. Of what do you think it might incriminate you? If you want to have a consultation with your counsel, go ahead.

Mr. CARR. I want him to understand that if he feels it will incriminate him he has a right to refuse to answer. I want the record to show, in connection with this question, that I want to object to it being asked on this ground:

First of all, under the general immunity section. The Senator, of course, is familiar with the court's decision of whether it gives complete immunity or not. I don't think it does. For that reason I want to object to those questions.

Secondly, I want to object to it on the ground that this committee has no authority over the matter whatsoever. It is not involved in interstate commerce or within any Federal jurisdiction, referring to the last question.

Now, you can ask him questions and he can make his answers.

The CHAIRMAN. We note your objections, Mr. Carr.

Is your income tax under investigation or under examination, Mr. Dalitz?

Mr. DALITZ. It has been constantly under surveillance; yes.

The CHAIRMAN. At the present time is any charge being made against you?

Mr. DALITZ. No.

The CHAIRMAN. Is any indictment pending?

Mr. DALITZ. No, sir.

The CHAIRMAN. None is in the making that you know of, is there?

Mr. DALITZ. I don't know that, sir.

The CHAIRMAN. This is something that happened 8 years ago; that is the question that was asked, about 8 years ago. I don't know what connection, what you had done 8 years ago, would have with what you might be prosecuted for now.

Mr. CARR. Let me say this: If a person is without the State, outside of the State, many States have statutes that during the period, during the time that you are outside of the State, the statute does not run.



The CHAIRMAN. I might say for your information, the Hitchcock case provides he has no immunity from testifying here upon the grounds that it might incriminate him of a State offense.

Mr. CARR. I am familiar with that rule, but that is not the ground he is claiming it on.

The CHAIRMAN. I do not know what ground he is claiming it on, but you are talking about being outside of the State. All right, let's get on. I will direct you to answer the question as to whether 8 years ago you had any interest in the Pettibone Club.

Mr. CARR. Can I consult with him?

The CHAIRMAN. Very well, go ahead and have a consultation.

Mr. DALITZ. I decline to answer that question.

The CHAIRMAN. You are directed to answer the question.

Mr. DALITZ. I stand on my constitutional rights.

The CHAIRMAN. You refuse to answer as directed by the chairman of the committee?

Mr. DALITZ. Yes.

The CHAIRMAN. You refuse to answer by direction of the chairman?

Mr. DALITZ. Yes.

The CHAIRMAN. I shall ask you a few questions, then.

First, let's discuss the matter of how you and your group happened to secure a part of the ownership, the principal ownership, of the Desert Inn in Las Vegas. Now, being from Cleveland, did you and Rothkopf and Tucker and Kleinman—who else has an interest in the Desert Inn?

Mr. DALITZ. Rothkopf does not have, but McGinty does.

The CHAIRMAN. Thomas Jefferson McGinty?

Mr. DALITZ. Yes.

The CHAIRMAN. Thomas Jefferson McGinty and Kleinman, Tucker, and yourself. How much interest do the four of you have, Mr. Dalitz?

Mr. DALITZ. Three of us, Mr. Kleinman, Mr. Tucker, and myself have 13 percent each, which would be 39 percent. Mr. McGinty and Mr. Cornelius Jones have approximately 20 percent. That would be 59 percent.

The CHAIRMAN. So you have a controlling interest, and then I suppose Wilbur Clark has most of the other interest?

Mr. DALITZ. The greatest part of it.

The CHAIRMAN. How did it happen that you went in with Wilbur Clark on this deal?

Mr. DALITZ. Well, we met Wilbur; Wilbur started this project.

The CHAIRMAN. Did he come to Cleveland to see you?

Mr. DALITZ. On one occasion; yes.

The CHAIRMAN. Had you known him before he started the project?

Mr. DALITZ. Before he started the project; no, sir.

The CHAIRMAN. Did he seek you out in connection with it?

Mr. DALITZ. Yes, he had gone to several people that we knew. He had run into difficulty with his investment and started to shop around for finances. We got word of it and I won't say whether we sought him out or he sought us out but it was, it developed to be a deal.

The CHAIRMAN. Then what arrangements did you make with Mr. Clark relative to your investment in the Desert Inn?



Mr. DALITZ. What arrangements?

The CHAIRMAN. He had the building partly completed so you put in, I suppose, your group put in some money. How much money did you put to start in with?

Mr. DALITZ. We made available to the operation somewhere between \$1,000,000 and \$1,300,000, or something of that sort.

The CHAIRMAN. Has that been the total amount of the investment?

Mr. DALITZ. Very close to it, sir.

The CHAIRMAN. You took your proportionate interests in the stock; is that correct?

Mr. DALITZ. That is correct.

The CHAIRMAN. Do you draw a salary from the Desert Inn?

Mr. DALITZ. I don't as yet, no.

The CHAIRMAN. As yet? Well, are you an officer of the corporation?

Mr. DALITZ. I am an officer of the corporation, Senator.

The CHAIRMAN. It is not paying dividends as yet; is that correct?

Mr. DALITZ. No, sir.

The CHAIRMAN. You spend a good deal of your time there, you and Mr. Kleinman and Mr. McGinty and Mr. Jones?

Mr. DALITZ. Mr. Jones is there constantly, and Mr. Tucker and I are the most active in it.

The CHAIRMAN. You put Mr. Jones there as the representative of the Cleveland group; is that correct?

Mr. DALITZ. We are there ourselves.

The CHAIRMAN. But he is there all of the time?

Mr. DALITZ. That is right; he is there practically all of the time. That is his complete job.

The CHAIRMAN. Now, the next question is, Mr. Dalitz, you and your group, not all of the same group, but a part of the same group, bought a substantial interest in the Detroit Steel. Will you tell us how that transaction came about?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. Let me ask these questions by way of background and see if this is correct.

There was first a Reliance Steel, of which Mr. Friedman was president; is that correct?

Mr. DALITZ. Yes.

The CHAIRMAN. Then there was the Detroit Steel, of which Mr. Scarge was president. Do you know him?

Mr. DALITZ. Of him; yes.

The CHAIRMAN. And Mr. Zivian was in the Detroit Steel also, was he not?

Mr. DALITZ. Yes.

The CHAIRMAN. And they wanted to merge the corporation; is that correct?

Mr. DALITZ. That was their plan; yes.

The CHAIRMAN. Mr. Zivian wanted to buy out Mr. Friedman's interest?

Mr. DALITZ. I don't know the details of their plan; but I think that is right.

The CHAIRMAN. Then tell us what happened after that.

Mr. DALITZ. I met Mr. Zivian. I had known him for 3 or 4 years prior to meeting him about this Detroit Steel deal. I was in Cleveland. I was on leave from the Army.

The CHAIRMAN. Was he the president of the Detroit Steel?

Mr. DALITZ. At that time I don't know. I think he was, or his presidency might have been effected simultaneously with the merger, but I am not sure. Nevertheless, I met Mr. Zivian and he told me that he had a deal in the making that he felt was a good investment; that he was having trouble raising enough money to consummate the deal. He asked me if I knew anyone that might be interested.

I said, "Yes, I do; myself." He said, "Do you want me to give you the details of the deal?" I said, "I will tell you what I want you to do. You get all your information together and take it up to Mr. Sam Haas." Sam Haas is an attorney in Cleveland.

The CHAIRMAN. He has been out to Las Vegas with you?

Mr. DALITZ. No.

The CHAIRMAN. We have tried to subpoena Mr. Haas, too. We have been unable to find him.

Mr. DALITZ. I heard that.

The CHAIRMAN. Did he take it up to Mr. Haas?

Mr. DALITZ. Yes. Mr. Haas checked everything that he thought needed checking. I suppose, and recommended the deal. He took a one-third of the deal for himself, 33 $\frac{1}{3}$  percent of the 10,000 available shares of stock. Sam Tucker, Morris Kleinman, and Lou Rothkopf and myself took the other two-thirds, evenly divided.

The CHAIRMAN. You put up how much money, you and your associates?

Mr. DALITZ. \$66,666, I believe.

The CHAIRMAN. He agreed to sell you the shares for \$10 a share; is that correct?

Mr. DALITZ. Which was the current value; yes.

The CHAIRMAN. The current value was very much in excess of that; was it not?

Mr. DALITZ. No, sir; not to my knowledge, not at that time.

The CHAIRMAN. Well, you made something like \$230,000 out of the transaction, did you not?

Mr. DALITZ. It might have been a little more.

The CHAIRMAN. How much do you think it was?

Mr. DALITZ. I don't remember; I still have the stock.

The CHAIRMAN. Didn't you do something about guaranteeing \$200,000 in this transaction?

Mr. DALITZ. No.

The CHAIRMAN. Or the Morris Plan Bank?

Mr. DALITZ. I didn't have any dealings with the Morris Plan Bank.

The CHAIRMAN. All you put up was \$66,666?

Mr. DALITZ. That is right, sir.

The CHAIRMAN. When that happened, why, he got to be president of the merged corporation; is that correct?

Mr. DALITZ. Yes.

The CHAIRMAN. What is the name of that corporation now?

Mr. DALITZ. The Detroit Steel Corp.

The CHAIRMAN. And it brought in the Reliance Steel Corp.?

Mr. DALITZ. Yes, sir; they are still a separate corporation; yes.

The CHAIRMAN. But it is owned by the Detroit Steel Corp.?

Mr. DALITZ. Yes.

The CHAIRMAN. You are responsible for Mr. Zivian being the head of this merged corporation?

Mr. DALITZ. No, sir.

The CHAIRMAN. You and your group?

Mr. DALITZ. No, sir; he is responsible for it himself.

The CHAIRMAN. I know that, but he, without your assistance, was not able to buy out the stock of Mr. Friedman, who was the president.

Mr. DALITZ. I am sure if I had turned him down others would have taken him on.

The CHAIRMAN. You think so?

Mr. DALITZ. I think the best proof of that is the profit it made subsequently.

The CHAIRMAN. Then after that time you had an accountant named Guesi, did you not?

Mr. DALITZ. Yes.

The CHAIRMAN. Did he share in the Detroit Steel investment at that time?

Mr. DALITZ. Not at that time, no; but I had heard, I think he himself told me that he bought a couple of hundred shares later on after it had gone way up.

The CHAIRMAN. All of you people, Kleinman, McGinty, Rothkopf, Jones, you all used Sammy Haas as your attorney in Cleveland; isn't that correct?

Mr. DALITZ. He was never my attorney, Senator. He was a friend. I have never been in business with him. He never represented me for anything because I never needed an attorney.

The CHAIRMAN. Anyway, you had him look after this matter for you?

Mr. DALITZ. That is right, sir.

The CHAIRMAN. You all used Mr. Guesi as your accountant?

Mr. DALITZ. Yes.

The CHAIRMAN. He is a former Treasury investigator who went into private practice; isn't that correct?

Mr. DALITZ. That is correct; yes.

The CHAIRMAN. After that time you and Mr. Zivian got to be great friends; is that right?

Mr. DALITZ. We were quite friendly before that time, sir.

The CHAIRMAN. And you went on a 2- or 3-week boating trip together?

Mr. DALITZ. Yes; but not 2 or 3 weeks. He was with me for 5 or 6 days.

The CHAIRMAN. On your yacht?

Mr. DALITZ. If you want to call it a yacht; yes.

The CHAIRMAN. Anyway, it was a pretty big boat, was it not?

Mr. DALITZ. Pretty fair; yes.

The CHAIRMAN. Then subsequent to that time you borrowed \$60,000 from him and you would pay him back and you would borrow money back and forth?

Mr. DALITZ. I would be the one borrowing from him and paying him back. He didn't need to borrow from me.

The CHAIRMAN. He felt a great gratitude to you for being able to buy Friedman's stock and to swing this deal?

Mr. DALITZ. I think so, Senator.

The CHAIRMAN. As a matter of fact, wasn't he right up against it with a time limit, when he had to raise the money and he didn't know where to get it and you came to his rescue?

Mr. DALITZ. He didn't tell me that it was that critical; he really didn't.

The CHAIRMAN. You found that out afterward, did you?

Mr. DALITZ. I have just found it out now.

The CHAIRMAN. You found it out afterward, from him, and that is the reason he was willing to loan you money and to do you favors after that time; isn't that true?

Mr. DALITZ. I regard him as a very, very good and loyal friend.

The CHAIRMAN. I think the record shows that he is or he had a good record as an industrial operator.

Mr. DALITZ. That is right, sir.

The CHAIRMAN. Now, you have this large laundry in the city of Detroit; is that correct?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. What is the name of that?

Mr. DALITZ. That is the Michigan Industrial Laundry Co.

The CHAIRMAN. When did you get into the Michigan Industrial Laundry?

Mr. DALITZ. 14 years ago, or something like that. That is my brother's business and it has always been his.

The CHAIRMAN. Lou Dalitz?

Mr. DALITZ. Yes.

The CHAIRMAN. You are in it and Morris Maschke is in it?

Mr. DALITZ. Morris Maschke, Jr.

The CHAIRMAN. I see that Arthur J. Hass is assistant secretary.

Mr. DALITZ. That is a different Hass.

The CHAIRMAN. Is he a brother of Sammy Haas?

Mr. DALITZ. One is H-a-a-s and the other one is H-a-s-s.

The CHAIRMAN. So it is not the same family; is that right?

Mr. DALITZ. No, sir.

The CHAIRMAN. You had a silent agreement with your friend, Sam Tucker, in connection with this laundry, didn't you?

Mr. DALITZ. With the Michigan Industrial Laundry?

The CHAIRMAN. Yes.

Mr. DALITZ. Well, it isn't a silent agreement, Senator.

The CHAIRMAN. It is a beneficial agreement? He had a beneficial interest in part of your interest; is that correct?

Mr. DALITZ. He has released that. What happened, if you will let me explain, before I went into the Michigan Industrial Laundry, Morris Maschke, Jr., and myself built the Pioneer Laundry Co., in Cleveland, Ohio. Sam Tucker was my partner in that. Sam Tucker had a boy who was coming back from the Air Corps and who he wanted to put into a business for his future. He took that interest with a view toward having something for his son. His son joined us and we had him with us for quite some time.

In the meantime, then, Morris Maschke, Jr., and I bought into the Michigan Industrial Laundry with my brother. Mr. Tucker's boy suddenly stated that he did not like the laundry business and was quitting. When that happened, Mr. Tucker had no further interest to keep his stock in the laundry. He didn't like it particularly as an investment for himself, so he sold it to the corporation and in doing that—and I mean to the Pioneer Laundry Corp.—and in doing that he also released any claims that he would have in the Michigan Industrial Laundry.



The CHAIRMAN. Now, this business does about three-quarters of a million worth of business a year and you get about \$9,600 a year as secretary; is that correct?

Mr. DALITZ. I didn't quite get that.

The CHAIRMAN. I say the laundry does about three-quarters of a million in business per year.

Mr. DALITZ. Yes.

The CHAIRMAN. And your brother gets \$17,500 as a salary and you get \$9,600 as a salary.

Mr. DALITZ. And Maschke got \$9,600.

The CHAIRMAN. What do you do for that \$9,600? Are you active in that business?

Mr. DALITZ. Yes, sir; I am.

The CHAIRMAN. Do you go down to the office?

Mr. DALITZ. I am there quite a lot.

The CHAIRMAN. But you have not been there for a long time, have you?

Mr. DALITZ. Oh, yes; not recently.

The CHAIRMAN. You have not been in Detroit in the last 2 months, have you?

Mr. DALITZ. No, sir.

The CHAIRMAN. Who carries on your business in your absence?

Mr. DALITZ. My brother.

The CHAIRMAN. But you continue to get the salary as secretary?

Mr. DALITZ. Yes.

The CHAIRMAN. Now, what did the Michigan Modern Land Co. have to do with your Industrial Laundry?

Mr. DALITZ. The Michigan Modern Land Co. was merely a realty company, owning the real estate, the premises and building and machinery. They leased it to the Michigan Industrial Laundry Co., who were an operating company.

The CHAIRMAN. You and your associates own the Michigan Modern Land Co.?

Mr. DALITZ. Yes.

The CHAIRMAN. You also have the Colonial Laundry at Cleveland, do you not?

Mr. DALITZ. No; that is in Detroit. That is a family laundry.

The CHAIRMAN. You did have a laundry, an interest in a laundry at Cleveland, did you not?

Mr. DALITZ. That was the Pioneer Laundry that I mentioned.

The CHAIRMAN. Don't you own that now?

Mr. DALITZ. No; I sold it.

The CHAIRMAN. When did you sell it?

Mr. DALITZ. I think the sale was consummated about 10 or 11 months ago, approximately.

The CHAIRMAN. Who was in on the one in Cleveland?

Mr. DALITZ. Morris Maschke, Jr., Louis Friedman, and myself, and the corporation bought out my stock.

The CHAIRMAN. Who is Louis Friedman?

Mr. DALITZ. He was a minority stockholder who also was an active partner.

The CHAIRMAN. The Colonial Laundry of Detroit, who are the officers of that? I believe Nathan Dalitz is listed as one of the officers. Is that your brother?

Mr. DALITZ. My uncle.

The CHAIRMAN. Your uncle, you say?

Mr. DALITZ. Yes.

The CHAIRMAN. Is he a director?

Mr. DALITZ. He was; I don't think he is any longer. He was originally, Senator. There was also my father, my uncle, his son-in-law, and myself.

The CHAIRMAN. So it is substantially the same people in all of these laundries?

Mr. DALITZ. No, sir; not at all.

The CHAIRMAN. Well, you have one different person in the Industrial Laundry outside of the family. You have Mr. Maschke in the Industrial Laundry. He does not appear in the others.

Mr. DALITZ. Mr. Maschke has nothing to do with the Colonial Laundry and the Colonial Laundry partners have nothing to do with either the Michigan Laundry or the Pioneer Laundry. They are not interlocked at all.

The CHAIRMAN. Who are the owners of the Colonial Laundry besides yourself?

Mr. DALITZ. Al Blumenfeld and myself. His stock is distributed to his wife, her sister, and her brother; that is purely a family deal.

The CHAIRMAN. But you own one-half of it, you say?

Mr. DALITZ. Yes; and I own one-half of it.

The CHAIRMAN. This is not as large an operation as the others, is it?

Mr. DALITZ. That is a family laundry. That is not an industrial laundry or a commercial laundry at all.

The CHAIRMAN. Now, Mr. Dalitz, did you have an interest in the Frolics Club in Miami Beach, Fla.?

Mr. DALITZ. I stand on my constitutional rights and refuse to answer.

The CHAIRMAN. You refuse to say whether you have any interest in the Frolics Club in Miami?

Mr. DALITZ. Miami, Fla.?

The CHAIRMAN. Yes.

Mr. DALITZ. I don't really remember.

Mr. CARR. May I have another consultation, Senator?

The CHAIRMAN. Yes.

Mr. CARR. I will tell you what I advised him so it will be in the record.

The CHAIRMAN. Well, you have a right to advise your client.

Mr. CARR. I want it in the record.

The CHAIRMAN. If you want to make some statement you can do so.

Mr. CARR. I think it is important because a while ago you mentioned the Hitchcock case, which I am familiar with. I think you left the implication that he was claiming his privilege on the ground that it was a State offense. I am perfectly willing that my client shall answer any questions which go back more than 6 years because the statute of limitations on Federal income tax prosecutions are 6 years. So for that reason the 8-year suggestion a while ago, if you want to ask him that question, and ask him if he had any interest in that prior to 6 years ago, he will answer the question.

The CHAIRMAN. Well, Mr. Carr, we will ask our questions as we see fit.

Mr. CARR. And I will have to advise him as I see fit.

The CHAIRMAN. You have a right to advise him and we have a right to do what we want about it. Do you have any interest in the Frolics Club in Miami, Fla.?

Mr. DALITZ. Did you say do I now?

The CHAIRMAN. Yes.

Mr. DALITZ. No, I don't.

The CHAIRMAN. More than 6 years ago did you have an interest?

Mr. DALITZ. I might have had; I don't remember.

The CHAIRMAN. You say you might have but you don't remember?

Mr. DALITZ. I knew who the operators were.

The CHAIRMAN. Who were the operators?

Mr. DALITZ. At that time I think it was Sam Miller.

The CHAIRMAN. Sam "Game Boy" Miller?

Mr. DALITZ. Yes, that was many years ago. By the way, what year was that?

The CHAIRMAN. Well, I am asking you when it was.

Mr. DALITZ. It must have been a long time ago, Senator.

The CHAIRMAN. Let's get at it this way: Did you, more than 6 years ago, have an interest in the Thomas Club?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. Sam "Game Boy" Miller also had something to do with the Thomas Club, did he not?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. He was taken from the Thomas Club and that is where he was arrested for some gambling and sentenced; isn't that right?

Mr. DALITZ. I really don't remember that.

The CHAIRMAN. That was a gambling institution?

Mr. DALITZ. It was then; yes.

The CHAIRMAN. More than 6 years ago?

Mr. DALITZ. Yes.

The CHAIRMAN. Now, you had the Ohio Villa located at Richmond Heights, Ohio, more than 6 years ago, or some interest in it, did you not? It is now known as the Richmond Country Club. You and your associates had an interest in the Ohio Villa, did you not?

Mr. DALITZ. Yes, Senator. I don't know what it is now.

The CHAIRMAN. It was operated or is now operated by Tony Milano?

Mr. DALITZ. I don't know that.

The CHAIRMAN. You do know, Mr. Milano, don't you?

Mr. DALITZ. No, sir, I don't; I have seen him.

The CHAIRMAN. He has a home out here and also a home in Cleveland, doesn't he?

Mr. DALITZ. I didn't know he had a home here. I met him in Cleveland, just casually.

The CHAIRMAN. How about more than 6 years ago, the Merchants Cafe in Newport, Ky.?

Mr. DALITZ. No, sir.

The CHAIRMAN. You had no interest in that?

Mr. DALITZ. No, sir.

The CHAIRMAN. Do you know anything about the Lookout Club in Kentucky? Have you ever heard of it?

Mr. DALITZ. I have heard of it, sir.

The CHAIRMAN. More than 6 years ago, did you have an interest in the Lookout Club?

Mr. DALITZ. I am going to refuse to answer that, Senator, and stand on my constitutional rights.

The CHAIRMAN. I will frame the question by saying more than 6 years ago.

Mr. DALITZ. Yes, sir.

The CHAIRMAN. That is a large restaurant and casino over at Covington or Newport; is that right?

Mr. DALITZ. That is Covington.

The CHAIRMAN. In these various Kentucky clubs and most of the others, you have had the same partners or usually it is McGinty and Rothkopf and Kleinman and yourself; sometimes you have one of the Polizzis in it; isn't that the usual group that have the ownerships in these places that we have been talking about?

Mr. CARR. You are talking about more than 6 years ago?

The CHAIRMAN. Yes; we will talk about more than 6 years ago.

Mr. DALITZ. Those names are interwoven in different enterprises.

The CHAIRMAN. Well, I am referring to the five or six names that we have talked about. Sometimes one of the persons would be out and sometimes another in, but through all these operations you usually owned them and bought them together; isn't that true? Of course, in the Kentucky clubs you would get some local person to also have an interest.

Mr. DALITZ. There are some local people there; yes.

The CHAIRMAN. You had a fellow named Brink; isn't he one of the Kentucky people?

Mr. DALITZ. Mr. Brink is located there.

The CHAIRMAN. And Mr. Levison is one of them?

Mr. DALITZ. No.

The CHAIRMAN. Tell us, more than 6 years ago, about your drawing a substantial salary from the Lookout House. Wasn't that about \$20,000, some twenty-odd thousand dollars? Wasn't that part of your cut?

Mr. DALITZ. It might have been a dividend.

The CHAIRMAN. That was your portion of the dividend?

Mr. DALITZ. Yes.

The CHAIRMAN. Do you know whether the Lookout Club is still operating or not?

Mr. DALITZ. I don't know.

The CHAIRMAN. When did you last hear about it?

Mr. DALITZ. Hear about it?

The CHAIRMAN. Yes.

Mr. DALITZ. About what?

The CHAIRMAN. About its operation. When were you last there?

Mr. DALITZ. I haven't been in Cincinnati for 3 or 4 years.

The CHAIRMAN. The last time you were there was it operating?

Mr. DALITZ. I don't know.

The CHAIRMAN. Then how about the country club? Is that another place you heard of more than 6 years ago, the Beverly Country Club?

Mr. DALITZ. I heard of that more than 6 years ago; yes.

The CHAIRMAN. Where was that located?

Mr. DALITZ. Newport, Ky.



The CHAIRMAN. You had about the same group owning that, about 6 years ago?

Mr. DALITZ. More than 6 years ago; yes, sir.

The CHAIRMAN. More than 6 years ago wasn't the Beverly Country Club and the Lookout House over across the river, two of the swankiest, plush-carpeted clubs in that part of the country?

Mr. DALITZ. They were very beautiful places; yes.

The CHAIRMAN. The last time you heard of them they were still beautiful places and still operating?

Mr. DALITZ. So I hear; I don't know whether they are operating or not. I haven't been there for 3 or 4 years, Senator.

The CHAIRMAN. Tell me again, what is the Michigan Modern Land Co.?

Mr. DALITZ. You asked me that, Senator. That is the land company that owns the Michigan Industrial Laundry.

The CHAIRMAN. Did you ever own an interest in Freddie's Club in Cleveland, Ohio, at East Ninth and Vincent Streets?

Mr. DALITZ. No, sir.

The CHAIRMAN. You never had any interest in that whatsoever?

Mr. DALITZ. No, sir.

The CHAIRMAN. How about the Theatrical Grill on Vincent Avenue in Cleveland?

Mr. DALITZ. I never had any interest in it, Senator.

The CHAIRMAN. Or the Liberty Co. in Cleveland?

Mr. DALITZ. I think I had an interest in that 10 years ago or 15 years ago.

The CHAIRMAN. And you were also in the Buckeye Catering Co.?

Mr. DALITZ. I don't remember that.

The CHAIRMAN. A slot-machine industry.

Mr. DALITZ. I was never in that; no, Senator.

The CHAIRMAN. You have had an investment with Al Polizzi in the Buckeye Catering Co.; isn't that correct?

Mr. DALITZ. I don't remember that.

The CHAIRMAN. More than 6 years ago?

Mr. DALITZ. I don't remember it even more than 6 years ago.

The CHAIRMAN. Who was it in the Buckeye Catering Co. that got knocked off? Was that Weinstein? Do you remember that? Was that a company that you had an interest in?

Mr. DALITZ. I don't remember that company. I was never interested in it and don't know that man. I believe Weisenberg is the name he read in the report. I didn't know him.

The CHAIRMAN. What business did you have with "Big Owl" Polizzi?

Mr. DALITZ. Not any, sir.

The CHAIRMAN. His cousin was in some of these clubs, wasn't he?

Mr. DALITZ. His cousin was in the Beverly Club, I believe.

The CHAIRMAN. Didn't Al have a part of his cousin's interest?

Mr. DALITZ. I wouldn't know about that.

The CHAIRMAN. Do you know Joe Massei in Detroit?

Mr. DALITZ. Yes, sir; I know him.

The CHAIRMAN. Did you ever have an interest in any business with Joe Massei?

Mr. DALITZ. No, sir.

The CHAIRMAN. Do you know where he is now?

Mr. DALITZ. Florida, I imagine.

The CHAIRMAN. "Lefty" Clark and William Bischoff, do you know them?

Mr. DALITZ. Well, I think that is the same person; I know who he is.

The CHAIRMAN. Did you ever have any business with him?

Mr. DALITZ. No; never.

The CHAIRMAN. How about the Lou Bach Distributing Co., do you know about that?

Mr. DALITZ. I think that was the company that Mr. Polizzi had.

The CHAIRMAN. Did you have an interest in that company at one time?

Mr. DALITZ. Never.

The CHAIRMAN. How about the Pioneer Linen Supply Co.?

Mr. DALITZ. Yes; I built that.

The CHAIRMAN. Who were your partners in it?

Mr. DALITZ. Morris Maschke, Jr., and Lou Friedman.

The CHAIRMAN. He is the same fellow in this business that was in business with you in Detroit?

Mr. DALITZ. Not any more, sir.

The CHAIRMAN. But he was in it with you?

Mr. DALITZ. I sold out of the Pioneer; he owns it himself now.

The CHAIRMAN. Did you have an interest in the Yellow and the Zone Cab Co.'s in Cleveland?

Mr. DALITZ. No, sir.

The CHAIRMAN. You did not have an interest in the Yellow Cab Co.?

Mr. DALITZ. No.

The CHAIRMAN. You and Mr. Mickey McBride are pretty good friends, are you not?

Mr. DALITZ. No, sir.

The CHAIRMAN. You do not know him at all?

Mr. DALITZ. Yes, sir; I know him, but we are not good friends.

The CHAIRMAN. Have you had any business with him?

Mr. DALITZ. No. I just know him casually.

The CHAIRMAN. More than 6 years ago did you have any interest in the Mound Club near Cleveland?

Mr. DALITZ. No, sir.

The CHAIRMAN. You never had any interest in that?

Mr. DALITZ. Never.

The CHAIRMAN. Did you loan them a bank roll at one time?

Mr. DALITZ. I did not.

The CHAIRMAN. How about the Pettibone Club?

Mr. DALITZ. More than 6 years ago, Senator?

The CHAIRMAN. Yes.

Mr. DALITZ. I might have, but I am not sure. That same club, Senator, had another name.

The CHAIRMAN. I am talking about the name, the Pettibone Club.

Mr. DALITZ. Well, I think it had a different name.

The CHAIRMAN. Anyway, you know the location and you know the club we are talking about. You did at one time have an interest in that club?

Mr. DALITZ. Before 6 years ago, yes; more than 6 years ago.

The CHAIRMAN. Who were your partners in that?

Mr. DALITZ. Well, there was Sam Tucker.

The CHAIRMAN. And Morris Kleinman?

Mr. DALITZ. Morris Kleinman and Lou Rothkopf.

The CHAIRMAN. And McGinty?

Mr. DALITZ. I think so.

The CHAIRMAN. Now, Mr. Dalitz, more than 6 years ago you fellows got your start by rum running, didn't you, back in the old prohibition days? Now, I am not going to go into any details, but Polizzi has told us about it, and others have told us about it. Now, is that the way you got your original money to make your original investments?

Mr. DALITZ. Well, not all of these investments; no.

The CHAIRMAN. I understand not all of them because some of them are very profitable. As a matter of fact, you have been making a great deal of money in recent years, so I suppose from your profits from one investment you would then go ahead and make another investment. Now, to get your investments started off you did get yourself a pretty good little nest egg out of rum running, didn't you?

Mr. DALITZ. Well, I didn't inherit any money, Senator.

The CHAIRMAN. In order to buy an interest in a good many of these companies you had to have money from somewhere; that is true, is it not?

Mr. DALITZ. Senator, I went into the laundry business a long time after all of that. I was in the laundry business before that and after that. I have been in that business all my life, practically.

The CHAIRMAN. Now, you were indicted on some barge deal in 1934, were you not?

Mr. DALITZ. That is news to me.

The CHAIRMAN. Were you or were you not?

Mr. DALITZ. Nobody ever said a word about it to me. They must have kept it a secret.

The CHAIRMAN. You never heard a word about it?

Mr. DALITZ. No. I never was in Buffalo in my life.

The CHAIRMAN. Who said anything about Buffalo?

Mr. DALITZ. I read it; it was in the papers.

The CHAIRMAN. The question was whether you got your original capital to go into these businesses or some business out of rum running during the times of prohibition; that was the question I started to ask you earlier. Now, I am not speaking of only 6 years ago, but more than that.

Mr. DALITZ. I made money during that era; yes, Senator.

The CHAIRMAN. Now, I have asked you about the Polizzis. There is a report that you and Pollizzi had an interest in a dog track at Dayton, Ky.; is that correct? I see that you only had it for 13 days, that it only ran for 13 days.

Mr. DALITZ. Yes. I don't know whether he was in that or not.

The CHAIRMAN. That was in 1942; that was more than 6 years ago.

Mr. DALITZ. I don't know whether he was in that or not.

The CHAIRMAN. Well, Chuck Pollizzi was in it, was he not?

Mr. DALITZ. Yes; I think so.

The CHAIRMAN. I think the testimony showed that Al was in it, but you didn't know he was in it; is that right?

Mr. DALITZ. No.

The CHAIRMAN. You were in it all right, were you not?

Mr. DALITZ. Yes; I was in it.

The CHAIRMAN. And Kleinman, McGinty, and Rothkopf were in it with you?

Mr. DALITZ. I don't know if McGinty was in it either. I am not trying to be evasive, Senator, I just don't remember.

The CHAIRMAN. You think the rest of them were in besides McGinty?

Mr. DALITZ. Probably; yes.

The CHAIRMAN. How come the dog track got closed down, Mr. Dalitz?

Mr. DALITZ. Well, if I remember correctly, there was a question about an option, some kind of a legal technicality that just didn't work out; it just wasn't there and they closed it.

The CHAIRMAN. You know Sam Schrader, of course?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. He had a part in the operation of some of these clubs over in Kentucky that you owned an interest in more than 6 years ago?

Mr. DALITZ. Yes.

The CHAIRMAN. Did you also bank roll him for the Arrow Club in Cincinnati more than 6 years ago?

Mr. DALITZ. I think I might have; yes.

The CHAIRMAN. Was that a gambling operation?

Mr. DALITZ. Yes, it was; it was a roadhouse.

The CHAIRMAN. How about Sam Nathanson, did you bank roll him?

Mr. DALITZ. He was a participant in that deal.

The CHAIRMAN. He is still a participant in some of your deals?

Mr. DALITZ. No, only in that one; that is the only business I ever had with Mr. Nathanson.

The CHAIRMAN. Only in that one?

Mr. DALITZ. Yes.

The CHAIRMAN. How many places have you had an interest in in Florida, Mr. Dalitz, more than 6 years ago?

Mr. DALITZ. Not any, or even 6 years ago.

The CHAIRMAN. You did not have an interest at all?

Mr. DALITZ. Other than with—I don't know the name of it—with Sam Miller.

The CHAIRMAN. Is that the Thomas Club?

Mr. DALITZ. No.

The CHAIRMAN. The Frolics Club?

Mr. DALITZ. Yes.

The CHAIRMAN. The Frolics Club?

Mr. DALITZ. Yes; that is the only one.

The CHAIRMAN. You did not have another one with Sam "Game Boy" Miller?

Mr. DALITZ. No. In Florida, you said?

The CHAIRMAN. Yes, in Florida.

Mr. DALITZ. That was the only one.

The CHAIRMAN. What is the Milco Sales Co.?

Mr. DALITZ. The Milco Sales Co. is a company that disposes of the salvage, and materials, resulting from the industrial laundry business.



The CHAIRMAN. That is owned by you and some of your partners?

Mr. DALITZ. My brother and myself.

The CHAIRMAN. You and your brother; is that right?

Mr. DALITZ. Yes.

The CHAIRMAN. Is that in Detroit?

Mr. DALITZ. That is right, sir.

The CHAIRMAN. Then the Dalitz Realty Co., what is that?

Mr. DALITZ. The Dalitz Realty Co. is a company that owns land and buildings in Wyandotte, Mich.

The CHAIRMAN. You have a substantial interest in that, do you?

Mr. DALITZ. Yes, sir.

The CHAIRMAN. Is that a large company?

Mr. DALITZ. It is quite a large company, Senator.

The CHAIRMAN. Then the Berdeen Realty Co., how about that?

Mr. DALITZ. It is the same kind of a company, and it is out in Wyandotte. Out in Wyandotte there is this development, land development, going on. We built a big supermarket and leased it to a tenant. These companies are rent-collecting realty companies.

The CHAIRMAN. How about the Liberty Ice Cream Co., is that a company that you have an interest in?

Mr. DALITZ. That was a little ice cream company in Cleveland about 15 or 20 years ago. I might have put a couple of thousand dollars into that and got it back, but nothing else.

The CHAIRMAN. You also have a substantial investment in the Chicago & Rock Island Railroad Co.?

Mr. DALITZ. Not any more.

The CHAIRMAN. You sold that interest, did you?

Mr. DALITZ. Yes.

The CHAIRMAN. Now, generally, since you have obtained these investments, how much does your income run a year, if you don't mind telling us, Mr. Dalitz? Tell us just roughly, if you will?

Mr. DALITZ. Well, roughly, I would say \$70,000 or \$80,000 a year.

The CHAIRMAN. Or \$95,000 a year?

Mr. DALITZ. It could be \$95,000 a year, yes.

The CHAIRMAN. Does the State of Michigan have a community property law?

Mr. DALITZ. Yes.

The CHAIRMAN. It does have?

Mr. DALITZ. Yes.

The CHAIRMAN. The last 3 months that you have been out here, you have been in Las Vegas; is that right?

Mr. DALITZ. For the last 3 months?

The CHAIRMAN. Since we started our search for you back in Detroit?

Mr. DALITZ. Your search started Christmas Day, I believe.

The CHAIRMAN. Have you been gone since that time?

Mr. DALITZ. Since Christmas.

The CHAIRMAN. Where have you been?

Mr. DALITZ. I have been in Phoenix and I have been touring. I have been back in Detroit a couple of times.

The CHAIRMAN. What name have you been touring under?

Mr. DALITZ. My own.

The CHAIRMAN. Davis or Dalitz?

Mr. DALITZ. Dalitz.

The CHAIRMAN. Has Mr. Tucker been with you all that time?

Mr. DALITZ. No.

The CHAIRMAN. Do you know where Mr. Rothkopf and Mr. Kleinman are?

Mr. DALITZ. No; I don't.

The CHAIRMAN. Have you seen them over at the Desert Inn at Las Vegas?

Mr. DALITZ. No; they haven't been there.

The CHAIRMAN. They have not been there at all?

Mr. DALITZ. No. I don't think Mr. Rothkopf has ever been there.

The CHAIRMAN. You haven't been in contact with him recently?

Mr. DALITZ. No.

The CHAIRMAN. Did you have a meeting, all of you, at about the same time, and disappear at the same time, Mr. Dalitz?

Mr. DALITZ. No, sir.

The CHAIRMAN. It just happened that way; is that right?

Mr. DALITZ. I guess so, yes.

The CHAIRMAN. Where did you stay when you were in Phoenix, Mr. Dalitz?

Mr. DALITZ. At the Nevada Biltmore.

The CHAIRMAN. Do you know Pete Licavoli from Detroit?

Mr. DALITZ. I know who he is.

The CHAIRMAN. Do you know him?

Mr. DALITZ. Not very well.

The CHAIRMAN. Do you know his brother who has a ranch out in Arizona?

Mr. DALITZ. I don't know his brother.

The CHAIRMAN. Have you been to that ranch?

Mr. DALITZ. No.

The CHAIRMAN. You have heard about it?

Mr. DALITZ. I read about it in the papers.

The CHAIRMAN. Have you had any business dealings with either of the Licavolis?

Mr. DALITZ. Never in my life.

The CHAIRMAN. How about De Carlo over from Buffalo and Youngstown?

Mr. DALITZ. No business with him, no.

The CHAIRMAN. Now, you have been charged with different things from time to time. Did you have one prohibition conviction?

Mr. DALITZ. Never.

The CHAIRMAN. Not one?

Mr. DALITZ. No.

The CHAIRMAN. You have been arrested several times, haven't you?

Mr. DALITZ. No.

The CHAIRMAN. You have never been arrested?

Mr. DALITZ. No; I don't understand all that.

The CHAIRMAN. Weren't you arrested in Cleveland on a prohibition violation charge at one time?

Mr. DALITZ. No.

The CHAIRMAN. And didn't you pay a fine?

Mr. DALITZ. I don't remember.

The CHAIRMAN. You do not remember that?

Mr. DALITZ. No.

The CHAIRMAN. You won't say it isn't true?

Mr. DALITZ. I won't say it isn't true.

The CHAIRMAN. I will say to you that we do not have all our files here from Cleveland and Washington; I only have a part of them. I don't have the records so I am not going to accuse you.

Mr. DALITZ. I am not taking advantage of that, Senator. I have never been arrested in Cleveland in my life, or Detroit, or any place else. Now, this Buffalo matter, I read a list of names that were indicted in Buffalo; nobody ever said a word about it or I never heard a thing about it. The next I read, it was nolle prossed or something like that.

The CHAIRMAN. That is a court record in Buffalo.

Mr. DALITZ. But I never heard about it.

The CHAIRMAN. You mean they indicted you and you just never heard about it or they never served you?

Mr. DALITZ. I don't think I was indicted. I think it was a mistake; I don't think it was me.

The CHAIRMAN. Then I suggest you better get the record straightened out in Buffalo.

Mr. DALITZ. That is a fact; I have never been in Buffalo.

The CHAIRMAN. That is all I have. Any other questions?

Mr. RICE. Yes. Have you ever been fingerprinted?

Mr. DALITZ. No, sir; just in the Army.

Mr. RICE. When was that?

Mr. DALITZ. I went into the Army in 1942.

Mr. RICE. How long did you stay in the Army?

Mr. DALITZ. Close to 4 years.

The CHAIRMAN. Do you know Frank Costello, from New York?

Mr. DALITZ. No; I don't. I know who he is if I see him.

The CHAIRMAN. When you go to Florida, where do you usually stay?

Mr. DALITZ. I have only vacationed in Florida once in my life and I had an apartment on Sheridan Avenue. I think it was the Alledale Apartments, but I don't remember the address.

The CHAIRMAN. Do you know Allen Rowan or Alfred Rowan in Florida?

Mr. DALITZ. He is at the Desert Inn.

The CHAIRMAN. Isn't he an associate of yours in Florida?

Mr. DALITZ. The Desert Inn.

The CHAIRMAN. He comes from Miami, doesn't he?

Mr. DALITZ. No; he is from Cleveland, Senator.

The CHAIRMAN. What does he do for you at the Desert Inn?

Mr. DALITZ. He is the comptroller, so to speak; he coordinates various apartments.

The CHAIRMAN. He is part of the group that you brought out from Cleveland; is that correct?

Mr. DALITZ. That is right; yes.

The CHAIRMAN. Do you own a hotel at Huntington, W. Va.?

Mr. DALITZ. No, sir.

The CHAIRMAN. More than 6 years ago, how about the Mound Club in Lake County, Ohio?

Mr. DALITZ. No; not more or less.

The CHAIRMAN. You have never had an interest in it?

Mr. DALITZ. No, sir.

The CHAIRMAN. How do you get by with these operations, more than 6 years ago, down in Kentucky, especially, Mr. Dalitz? Gambling is illegal down there, isn't it, and also in Cincinnati? How do you get by with that?

Mr. DALITZ. Well, I don't know, Senator.

The CHAIRMAN. Well, I would like to know about that; how do you get by with that?

Mr. DALITZ. I don't know if I can answer that intelligently, Senator.

The CHAIRMAN. Who do you see to get protection?

Mr. DALITZ. I don't see anybody.

The CHAIRMAN. These are great big places where anyone can walk in and operate. Here you fellows are out-of-State fellows with money in these different places. How are you able to do it?

Mr. DALITZ. I can't answer that, Senator.

The CHAIRMAN. Is Lou Rothkopf also known as Lou Roddy?

Mr. DALITZ. Yes; he is known as Lou Rodde.

The CHAIRMAN. Is it true that you were looked for in connection with the killing of this Councilman Potter back in 1931?

Mr. DALITZ. No.

The CHAIRMAN. You read about that in the papers, about Councilman Potter?

Mr. DALITZ. Yes.

The CHAIRMAN. Why couldn't they find you back in 1931?

Mr. DALITZ. They could.

The CHAIRMAN. You did not know anything about it?

Mr. DALITZ. No one has ever talked to me about that.

The CHAIRMAN. You read this article that was written in Collier's by this fellow Davis, who used to represent "Dutch" Schultz? That was back in 1939, that you were the main fellow out there and anybody had to see you, and so forth, who wanted anything done. Did you make any reply to that to set the record straight?

Mr. DALITZ. No. How would you?

The CHAIRMAN. Maybe you could have written Collier's a letter.

Mr. DALITZ. You mean they would retract that?

The CHAIRMAN. They might print your letter, in any event. You could sue them for libel, if it wasn't true, couldn't you? Well, he wrote that—

Moe Davis became the power in Cleveland and anyone who questioned it would have to deal with Lucky and Meyer and Bugsy.

Mr. DALITZ. He had been reading dime novels, that fellow.

The CHAIRMAN. Why didn't you sue him for libel, if what he said wasn't true? You could sue Collier's, couldn't you?

Mr. DALITZ. Well, maybe we can still do it.

The CHAIRMAN. Well, I am afraid it has been more than 6 years ago. That is all, Mr. Dalitz.

Mr. RICE. No further questions.

Mr. ROBINSON. I have nothing.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. Mr. Tucker, will you come forward and be sworn?



Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. TUCKER. I do.

**TESTIMONY OF SAMUEL TUCKER, THE DESERT INN, LAS VEGAS, NEV., ACCOMPANIED BY CHARLES CARR, ATTORNEY, LOS ANGELES, CALIF.**

The CHAIRMAN. You are Mr. Samuel Tucker; is that correct?

Mr. TUCKER. Yes.

The CHAIRMAN. Let the record show that Mr. Carr is representing Mr. Tucker, also.

Where do you live, Mr. Tucker?

Mr. TUCKER. The Desert Inn in Las Vegas.

The CHAIRMAN. Is that your permanent address?

Mr. TUCKER. Well, I gave you that address because that is where I voted.

The CHAIRMAN. So you moved your legal voting place out to Las Vegas?

Mr. TUCKER. Yes.

The CHAIRMAN. Is that correct?

Mr. TUCKER. Yes. What do you mean by "legal voting place?"

The CHAIRMAN. Anyway, your legal residence is now in Las Vegas, is it?

Mr. TUCKER. Yes.

The CHAIRMAN. How long has it been at Las Vegas?

Mr. TUCKER. Since April 24, a year ago.

Mr. CHAIRMAN. Where did you live before you came to Las Vegas?

Mr. TUCKER. Miami, Fla.; Surfside, Fla.

The CHAIRMAN. You mean the Surfside Inn?

Mr. TUCKER. I didn't hear you.

The CHAIRMAN. At what place?

Mr. TUCKER. Surfside, Fla.; that is the name of the city.

The CHAIRMAN. I thought you said Miami, Fla.

Mr. TUCKER. It is all called Miami, Fla., I believe.

The CHAIRMAN. Where did you live in Surfside, Fla.?

Mr. TUCKER. 1437 Biscaya Drive.

The CHAIRMAN. How long did you live in Florida before you came out here?

Mr. TUCKER. Several years; 2 years, I think.

The CHAIRMAN. Two years?

Mr. TUCKER. Yes.

The CHAIRMAN. Prior to those 2 years where did you live?

Mr. TUCKER. In Kentucky.

The CHAIRMAN. At Newport or at Covington, Ky.?

Mr. TUCKER. Newport, Ky.

The CHAIRMAN. Mr. Tucker, where have you been the last 3 months?

Mr. TUCKER. Right at home.

The CHAIRMAN. In Kentucky?

Mr. TUCKER. In Surfside.

The CHAIRMAN. They were trying to serve you both in Newport, Ky., and Cleveland, Ohio, and Miami, Fla.; where were you then?

Mr. TUCKER. Senator, I left Newport, Ky., about 2 years ago and moved to Florida. I went down there for my health.

The CHAIRMAN. You knew you were wanted by this committee?

Mr. TUCKER. Yes.

The CHAIRMAN. Why didn't you let us know about your whereabouts?

Mr. TUCKER. I was home every day; I never went anywhere. Nobody served me with a subpoena.

The CHAIRMAN. You do not feel that there is some obligation to make yourself available in the event it is known that you are wanted?

Mr. TUCKER. The only time I knew I should be available is when they mentioned something about a warrant.

The CHAIRMAN. When we had passed a resolution for a warrant then you got in touch with Mr. Carr and made yourself available; is that correct?

Mr. TUCKER. That is correct; yes.

The CHAIRMAN. Are you an officer in the Desert Inn at the present time?

Mr. TUCKER. A director.

The CHAIRMAN. Who made the contact with Mr. Wilbur Clark relative to buying an interest in the Desert Inn?

Mr. TUCKER. Well, I don't know how that came about. You asked me who made the contact?

The CHAIRMAN. How did you people get together with Mr. Clark?

Mr. TUCKER. Mr. Clark was shopping around, like Mr. Dalitz told you. He had been trying to get someone to finish his buildings over there. Back in October or November of 1948 I was called to come down to Las Vegas.

The CHAIRMAN. Speak up; we are having a very difficult time hearing you.

Mr. TUCKER. I was called to Las Vegas in October or November of 1948, to come down and see the place or look over the deal.

The CHAIRMAN. Were you the first one that came out here to look over the deal?

Mr. TUCKER. No.

The CHAIRMAN. Go ahead.

Mr. TUCKER. I met Mr. Dalitz and Mr. Kleinman there and Mr. Clark, of course. That is the first time I had ever met Mr. Clark.

The CHAIRMAN. Did you all come out here to look over the deal together?

Mr. TUCKER. No, I didn't; I came out later.

The CHAIRMAN. Then did you decide to go into this?

Mr. TUCKER. Yes.

The CHAIRMAN. How much money did you put into it?

Mr. TUCKER. I sold my stock at the Pioneer Linen Co. and that was being paid out in notes. The balance of the notes I took to the Union Trust Co. and loaned \$75,000 on it. In addition to the \$75,000 I had another \$45,000 more. I had \$120,000 in it.

The CHAIRMAN. Mr. Dalitz got you into the Detroit Steel Corp., didn't he?

Mr. TUCKER. Yes; he told me about the Detroit Steel. I had \$16,000 in the Detroit Steel.

The CHAIRMAN. He also had you in the laundries with him, a large laundry in Detroit, did he not?

Mr. TUCKER. When Mr. Dalitz went to the Army and managed the laundries for the Army, he felt that I should have an interest with him in the Michigan Industrial Laundry since I was in there at the Pioneer Linen.

The CHAIRMAN. Anyway, you got into the Michigan Industrial with him?

Mr. TUCKER. For a very short time.

Mr. CARR. May I interrupt you for a second, Senator?

The CHAIRMAN. Yes.

Mr. CARR. I think we could save much time if I could just ask him to make a general statement. It might cut through and save you a lot of time, if we may do that.

The CHAIRMAN. Well, anything to save time, we would appreciate it.

Mr. CARR. He has been a partner with Mr. Dalitz in most of the things in which Mr. Dalitz has been interested in the last 27 years. I thought that might cut through and give you something there.

The CHAIRMAN. Is that correct?

Mr. TUCKER. Yes. I have been friendly and been with Mr. Dalitz for the past 26 or 27 years.

The CHAIRMAN. You and Mr. Dalitz, you have been in these clubs with him and in his businesses; is that right? The Detroit Steel Co., the laundries, and the Desert Inn?

Mr. TUCKER. Not all the laundries, no.

The CHAIRMAN. The Pioneer Laundry; is that right?

Mr. TUCKER. The Pioneer Laundry, yes.

The CHAIRMAN. Now, the same is pretty much true of Mr. Rothkopf and Kleinman and in most enterprises, also Mr. McGinty; is that true?

Mr. TUCKER. No.

The CHAIRMAN. Then the four of you, Dalitz, Tucker, Kleinman, and Rothkopf have been together in most of these enterprises for many years?

Mr. TUCKER. I have known Mr. Kleinman for about 30 years.

The CHAIRMAN. You have known him a little longer than Mr. Dalitz?

Mr. TUCKER. Yes.

The CHAIRMAN. What I mean is the four of you, and to some extent Mr. McGinty, have been jointly interested or joint investors in these various operations over a period of 25 or 30 years?

Mr. TUCKER. I wouldn't say it was 25 or 30 years with Mr. McGinty, but I would say 25 or 26 years with Mr. Kleinman and Mr. Dalitz.

The CHAIRMAN. How about Mr. Rothkopf?

Mr. TUCKER. It might have been 15 or 17 or 20 years with him.

The CHAIRMAN. And Mr. McGinty more recently; is that correct?

Mr. TUCKER. I would say in the past 10 years.

The CHAIRMAN. For the past 10 years the five of you have been in all of these things together?

Mr. TUCKER. Not all the things, no.

The CHAIRMAN. But in most of them?

Mr. TUCKER. In some of them.

The CHAIRMAN. For instance, the Beverly Hills Country Club in Kentucky; that is one of them, isn't it?

Mr. TUCKER. I will have to take exception to that and stand on my constitutional rights.

The CHAIRMAN. More than 6 years ago. I will ask you the question if you had an interest, the same interest, if you had an interest in the Beverly Hills Country Club in Kentucky more than 6 years ago?

Mr. TUCKER. I have been out of there for a couple of years.

The CHAIRMAN. You say you have been out for 2 years?

Mr. TUCKER. I have been away from there for 2 years. I haven't been living in Kentucky for 2 years.

The CHAIRMAN. My question is, if more than 6 years ago you had an interest, along with Mr. Dalitz and the others, in the Beverly Hills Country Club, the Lookout Club and the Yorkshire Club.

Mr. TUCKER. I will have to refuse to answer the question, Senator.

The CHAIRMAN. I will have to direct you to answer the question, Mr. Tucker.

Mr. TUCKER. It may tend to incriminate me.

The CHAIRMAN. Of what offense would it tend to incriminate you if it was more than 6 years ago?

Mr. TUCKER. Different various agencies of the Government have different laws.

The CHAIRMAN. Do you have any particular offense in mind?

Mr. CARR. May I consult with him?

The CHAIRMAN. All right, sir.

Do you want to answer the question now?

Mr. TUCKER. Yes, Senator.

The CHAIRMAN. What is your answer?

Mr. TUCKER. Before 6 years ago I was in that club, yes.

The CHAIRMAN. Let's do it this way: The five of you called yourself, and you were known as a syndicate; isn't that correct? Wasn't that group of yours, together, a syndicate?

Mr. TUCKER. No.

The CHAIRMAN. Anyway, let's call it a group or a syndicate.

Mr. TUCKER. They aren't a syndicate. There are some things that I am in on and some that I am not in on.

The CHAIRMAN. How about the Union Enterprise in Chesapeake, Ohio? What was that, Mr. Tucker?

Mr. TUCKER. A land company or something, I think. That was before 6 years ago, wasn't it?

The CHAIRMAN. Was it a legitimate enterprise or not, a legal enterprise, do you know?

Mr. TUCKER. No, I don't know.

The CHAIRMAN. You were in it and you got some revenue from it. Do you know what it was

Mr. TUCKER. You mean before 6 years ago?

The CHAIRMAN. I asked you whether you ever received any revenue from the Union Enterprise? In the first place, was it a legal enterprise?

Mr. CARR. I don't mean to interrupt, but I wonder if he understands what you mean by a legal enterprise.

The CHAIRMAN. Was it doing anything that violated the law, either in violation of the State law or the United States laws?

Mr. TUCKER. I would like to take exception to that because it would tend to incriminate me if I answered that.



The CHAIRMAN. I am just trying to get a basis for this. Let me see if you have any basis for refusing to answer the question. Do you think any answer about whether you received revenues from the Union Enterprise of Chesapeake, Ohio, might tend to incriminate you?

Mr. TUCKER. Yes.

The CHAIRMAN. Were you in it more than 6 years ago?

Mr. TUCKER. I don't think so.

The CHAIRMAN. How about the D. J. Krause Realty Co. in Cincinnati?

Mr. TUCKER. I had a 50 percent interest in that.

The CHAIRMAN. What kind of a business was that?

Mr. TUCKER. Real estate that I had on a building, where we each invested \$5,000.

The CHAIRMAN. How about the Oak Grove Restaurant in Dayton, Ohio? Haven't you had an interest in that?

Mr. TUCKER. More than 6 years ago?

The CHAIRMAN. Recently.

Mr. TUCKER. I will have to take exception to that.

The CHAIRMAN. Do you think that answering whether you have had an interest in the Oak Grove Restaurant or do have at the present time might tend to incriminate you?

Mr. TUCKER. I believe it would. The income tax report, if it shows I have an interest, then the other agencies may look into that matter and it may tend to incriminate me.

The CHAIRMAN. Did you ever hear of the Oak Grove Restaurant?

Mr. TUCKER. Yes. I don't know whether they called it the Oak Grove Restaurant or not.

The CHAIRMAN. Is it just an ordinary restaurant like any other restaurant?

Mr. TUCKER. It has food.

The CHAIRMAN. Food among other things; is that the situation?

Mr. TUCKER. It had food among other things; yes.

The CHAIRMAN. How about your theater enterprises? How many theaters do you own? Do you own them along with this other group? Is that part of this enterprise?

Mr. TUCKER. I don't own them. I negotiated some loans to buy some leases for my son and a man by the name of Morris with Columbia Pictures and my wife.

The CHAIRMAN. How do you get any income from the theaters?

Mr. TUCKER. I don't get any. I get the interest on the loans that I have made.

The CHAIRMAN. How many theaters have you loaned money to?

Mr. TUCKER. I have three leases. I wouldn't be too familiar with that. I didn't form the corporation.

The CHAIRMAN. You have leased the theaters, haven't you?

Mr. TUCKER. I never owned them. They were leased by Morris. I negotiated some loans for the theaters.

The CHAIRMAN. How about the Mortoc Theaters?

Mr. TUCKER. That is probably the same situation again.

The CHAIRMAN. What is the A. E. Gordon, trustee, River Downs matter?

Mr. TUCKER. That is a real-estate deal in Cincinnati where there was a sale made and it shows on my return.

The CHAIRMAN. Is this Attorney Haas in Cleveland your attorney?

Mr. TUCKER. Who?

The CHAIRMAN. H-a-a-s.

Mr. TUCKER. I know Mr. Haas; yes.

The CHAIRMAN. Has he done any legal work for you?

Mr. TUCKER. Yes; I would say that I called on him for a little legal work; yes.

The CHAIRMAN. Do you remember anything about this Federal grand jury matter in Buffalo?

Mr. TUCKER. I really don't.

The CHAIRMAN. You do not remember being indicted along with Kleinman and Moe Davis back in 1930 or the early 1930's?

Mr. TUCKER. I really don't.

The CHAIRMAN. You never heard about it?

Mr. TUCKER. I remember hearing about it but I don't know why they would have indicted me. If they had me indicted they should have picked me up and charged me, or something like that.

The CHAIRMAN. Did you and Kleinman and Dalitz, did you have a barge or a group of boats on the Lakes up there?

Mr. TUCKER. Yes; that was in 1929 or 1930.

The CHAIRMAN. That is how the four or five of you got together in the beginning; isn't that right?

Mr. TUCKER. No; I don't think so. I knew Mr. Kleinman then.

The CHAIRMAN. You also knew Mr. Dalitz then, too, did you not?

Mr. TUCKER. Not until later. I don't think I knew Mr. Dalitz until later. I knew Kleinman prior to the time I knew Dalitz.

The CHAIRMAN. How about Lou Rothkopf? Did you know him?

Mr. TUCKER. Rothkopf I have known about 20 some years.

The CHAIRMAN. You all got your start before the days of the repeal and in the prohibition days, by rum-running on the lakes, to some extent?

Mr. TUCKER. I don't know if any of us kept any of that money.

The CHAIRMAN. Anyway, you had some money to invest when the time came along from that?

Mr. TUCKER. Yes.

The CHAIRMAN. Have you ever been convicted of anything?

Mr. TUCKER. Not that I know of.

The CHAIRMAN. Would you know if you had been?

Mr. TUCKER. I should know but I haven't been convicted of anything that I know of.

The CHAIRMAN. That you remember of?

Mr. TUCKER. I don't believe I have. You mentioned this indictment in Buffalo.

The CHAIRMAN. Yes.

Mr. TUCKER. I don't know anything about that; I don't remember being tried or convicted.

The CHAIRMAN. Wasn't there an arrest or an indictment also in Cleveland sometime back?

Mr. TUCKER. On what, Senator?

The CHAIRMAN. On a liquor violation.

Mr. TUCKER. Not that I can remember.

The CHAIRMAN. You do not remember that?

Mr. TUCKER. No.

The CHAIRMAN. I do not have the records here so, frankly, I would have to take your word for it.

Mr. TUCKER. I really don't remember. I don't think there was, Senator.

The CHAIRMAN. That is all I have.

Mr. ROBINSON. Are you familiar with a case entitled "*Margaret P. Cutler v. Samuel Tucker and Samuel Schrader*?"

Mr. TUCKER. Yes.

Mr. ROBINSON. Was that a case wherein the lady was suing you and Mr. Schrader for losses by her husband at the Beverly Hills Club?

Mr. TUCKER. I think so. Is that prior to 6 years ago?

Mr. CARR. I would like to know the date of that, please.

Mr. ROBINSON. The original complaint indicates that it was filed on July 28, 1949.

The CHAIRMAN. Let me see that, please.

Mr. ROBINSON. It is pending on appeal now. This is a verdict of the lower court.

Mr. TUCKER. I was in that; yes.

Mr. ROBINSON. In substance, her husband, or she claims that her husband lost some \$37,500 in that club?

Mr. TUCKER. That is right.

Mr. ROBINSON. In a club known as the Beverly Hills Club?

Mr. TUCKER. That is what she claims; yes.

Mr. ROBINSON. As a result of the suit, judgment was entered in the amount of \$15,000.

Mr. TUCKER. Which is being appealed.

Mr. ROBINSON. And you are appealing it now; is that correct?

Mr. TUCKER. Yes.

Mr. ROBINSON. The original complaint filed in that action alleges you and Mr. Schrader were partners in the Beverly Hills Country Club.

Mr. TUCKER. That is according to the suit.

The CHAIRMAN. They did not sue the rest of them?

Mr. ROBINSON. No.

The CHAIRMAN. Who is your attorney in that matter?

Mr. TUCKER. I think it was Daniel D. Davis.

The CHAIRMAN. Is Mr. Guesi also your accountant?

Mr. TUCKER. Yes.

The CHAIRMAN. Since the time you have been in Florida and since the time you have been out here, he has done your accounting work?

Mr. TUCKER. What little I have; I don't see any reason to change.

The CHAIRMAN. He comes out to Las Vegas to make up your returns and the returns of the other people, does he?

Mr. TUCKER. In Las Vegas we haven't made out a return yet. I don't think.

The CHAIRMAN. That is all.

Mr. RICE. I have nothing.

Mr. ROBINSON. No further questions.

Mr. VAN BRUNT. No questions.

The CHAIRMAN. That is all. We will take a short recess at this time.

(Short recess.)

The CHAIRMAN. The committee will be in session. Our next witness will be Mr. George Butler. Mr. Butler is a very efficient lieutenant on the Dallas police squad, who has made several investigations of interstate ties and the attempts of persons in one part of the country to take over in other parts of the country. He has been doing some special work for the committee in Dallas, New Orleans, and Tampa, Fla.

What he will have to say will be introductory to a colloquy between two witnesses of which we have a recording. It will be a recording of two persons, of which we have a recording, and we also have a transcription of it.

Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BUTLER. I do.

### TESTIMONY OF GEORGE BUTLER, LIEUTENANT, POLICE DEPARTMENT, DALLAS, TEX.

Mr. RICE. Mr. Butler, without going into too much detail, we would like to have a history of the gambling set-up down in Dallas with respect to the action and policies of the various mobs for control of the city down there. Can you bring us up to date a little on that?

Mr. BUTLER. Well, at this time it is closed down pretty tight. Several years ago there was a man named Binion and a group of people that were operating as a gambling syndicate there, in 1946, and then there was a change of administration and Binion left Dallas for Las Vegas, Nev.

Mr. RICE. What do you mean by a change of administration?

Mr. BUTLER. They got a new chief of police for one thing and a new district attorney for another thing, and they teamed up to clean up the gambling situation there.

Mr. RICE. Before you go any further, it might be interesting at this time to know that we have been trying to locate Binion for service without much success. That is right, isn't it, Mr. Butler?

Mr. BUTLER. Yes, that is.

The CHAIRMAN. You were up all one night to try to find him at Las Vegas, weren't you?

Mr. BUTLER. Yes.

Mr. RICE. Tell us about what happened when Binion first came down to Dallas. Do you know where he came from?

Mr. BUTLER. No, sir; I don't have any record on him prior to 1924, at which time he was arrested by the Dallas Police Department. You may want at this time to read his criminal record into the record.

The CHAIRMAN. We can put his FBI record in.

Mr. RICE. We have a record here of the FBI where he was arrested in Dallas.

Mr. BUTLER. It is more complete on the second sheet, Mr. Rice.

Mr. RICE. It starts back in 1927 with burglary. Then there is another arrest in 1929 of the liquor laws and then driving a car while being intoxicated. He was arrested in 1931 for murder. He was arrested in 1932 for possession of a pistol and a sawed-off shotgun. He was arrested in 1933 for vagrancy. Arrested in 1938 for vagrancy.



I notice that in 1924 he has a tire-theft charge at Dallas. In 1947 he was picked up for questioning. In 1948 he was fingerprinted in the State of Nevada for a State gambling application. In 1950 he was fingerprinted at Las Vegas as a fugitive from Texas. He was born in Texas.

Now, Binion started up in the rackets down in Dallas and what happened next? What racket was he in?

Mr. BUTLER. Well, he started as a bootlegger back in the prohibition days and after the prohibition amendment was repealed he got into the gambling business. The first venture he was into was the policy business or the lottery business.

Mr. RICE. That is similar to the numbers game?

Mr. BUTLER. It is a numbers game, yes.

Mr. RICE. Then what happened?

Mr. BUTLER. There was a little trouble down there; he had some competition.

Mr. RICE. Who was his competition?

Mr. BUTLER. A man named Ben Friedman.

Mr. RICE. What happened to him then?

Mr. BUTLER. Binion and Friedman got into an argument. Then Binion and a man named Buddy Malone were charged with investigation of murder in connection with Friedman's death. Friedman was sitting in a car at the time and they got out of their car and walked up and a killing took place.

Mr. RICE. Did there come a time when a fellow by the name of Herbert Noble got into the picture?

Mr. BUTLER. Yes, sir.

Mr. RICE. When was that?

Mr. BUTLER. About 1945 there developed some friction between Noble and Binion.

Mr. RICE. What business was Noble in?

Mr. BUTLER. He was a competitive gambler.

Mr. RICE. So you had a situation of two competing outfits?

Mr. BUTLER. Yes, sir.

Mr. RICE. Noble on the one hand and Binion on the other?

Mr. BUTLER. Yes, sir.

Mr. RICE. What happened then?

Mr. BUTLER. They began a series of shootings which to this time has been widely publicized all over the country. I think Noble has been shot at a total of nine different times in the last 5 years.

Mr. RICE. You say Noble has been what?

Mr. BUTLER. Noble has been shot and shot at at least nine times in the last 5 years.

Mr. RICE. Shot and shot at in the last 5 years?

Mr. BUTLER. Yes, sir.

Mr. RICE. Does he have a nickname as a result of all that shooting?

Mr. BUTLER. He is called "The Cat" because he is supposed to have nine lives. He is also called the "Clay Pigeon" because he has been shot at so much.

Mr. RICE. As a police officer, what is your theory on those shootings? What is that all about?

Mr. BUTLER. Noble recently made a public statement, which was printed in the papers, that this trouble developed back in the days

when the town was open. He stated that at that time, when Binion had control, that he was paying Binion 25 percent and that Binion came to him and wanted to up the take to 40 percent, at which time he fell out with Binion and decided to go on his own.

Mr. RICE. They were together for a while and then Binion attempted to up the take and they had a falling out about that; is that correct?

Mr. BUTLER. Yes.

Mr. RICE. Then what happened?

Mr. BUTLER. Due to this falling out a series of shootings started which I have told you about.

Mr. RICE. Were there any shootings back the other way? Was Binion shot at any?

Mr. BUTLER. Not that I have heard of; no sir.

Mr. RICE. Did there come a time when Binion left Texas?

Mr. BUTLER. Yes, he left Texas about 1946.

Mr. RICE. And where did he go?

Mr. BUTLER. He went to Las Vegas, Nev.

Mr. RICE. What did he do out there?

Mr. BUTLER. He opened up a gambling place.

Mr. RICE. Did he get in touch with Wilbur Clark out there?

Mr. BUTLER. I understand since that time he has. Recently he has been in touch with him considerably.

Mr. RICE. What business did he have with Wilbur Clark?

Mr. BUTLER. I understand that Clark has invited Binion to assume a piece of the Desert Inn.

Mr. RICE. Clark invited him to take a piece of it?

Mr. BUTLER. That is my understanding of it, yes.

Mr. RICE. Was there a Cadillac deal involved there?

Mr. BUTLER. I understand Binion, through connections he had in Phoenix, has bought two Cadillacs for his friends in Las Vegas, one of which is Wilbur Clark.

The CHAIRMAN. Unless you know that yourself let's not go into too much detail. If you have reliable information, then that is another matter.

Mr. BUTLER. It is reliable, sir.

Mr. RICE. Did there come a time when Binion left Nevada and came over to California?

Mr. BUTLER. We received information from a confidential source that shortly after Binion had gotten into the State of Nevada and into Las Vegas, he had some trouble with the authorities over there, and his license was revoked. At that time he was reported to have contacted Mickey Cohen in Los Angeles and made or attempted to make arrangements to open up a policy game in this area. His plans fell through. Our information was that Cohen took Binion's money and told him to get out of town.

The CHAIRMAN. Let's be sure that we have reliable information about what we are saying. Was that reliable information that you had?

Mr. BUTLER. The matter was straightened out, and to the best of my knowledge, the only further tie-in between Binion and Cohen was through the tracing of numerous telephone calls from Mickey Cohen's house to Binion's place in Las Vegas.

Mr. RICE. Binion meanwhile retained an interest in the rackets down in Dallas, did he not?

Mr. BUTLER. Yes, sir.

Mr. RICE. And was that a lucrative proposition down there?

Mr. BUTLER. I understand that it was, sir; a million-dollar-a-year racket.

Mr. RICE. Do you have any checks with you that are indicative of that?

Mr. BUTLER. Yes.

The CHAIRMAN. Tell us something about the checks.

Mr. BUTLER. These checks are numerous in number and are for different amounts. Here is one for April 9, 1948 for \$2,000.

Mr. RICE. Who is the check drawn to and where is it from?

Mr. BUTLER. It is drawn by Harry Urban to Bennie Binion.

Mr. RICE. Who is Harry Urban?

Mr. BUTLER. He is Binion's partner in Dallas, Tex.

Mr. RICE. Was he just convicted?

Mr. BUTLER. He was just convicted and received a 4-year sentence for violation of the gambling laws there.

Mr. RICE. What is the place of that check, on what bank?

Mr. BUTLER. At Dallas, Tex.

Mr. RICE. And where did Binion deposit the money?

Mr. BUTLER. This check was cashed in Las Vegas, Nev.

Mr. RICE. So the money was coming from Texas into Nevada?

Mr. BUTLER. Yes.

Mr. RICE. What are some of the other checks.

Mr. BUTLER. December 20, 1948, a check from Harry Urban to Bennie Binion for \$10,000, dated at Dallas, Tex., and is endorsed by Bennie Binion and cashed at the Golden Nugget at Las Vegas, Nev. On December 30, 1948, a check made out to cash signed by Harry Urban and drawn in the Hillcrest State Bank of Dallas, Tex., and endorsed by Bennie Binion and cashed on January 24, 1949, at the Bank of Nevada, at Las Vegas.

Mr. RICE. What was the amount of that check?

Mr. BUTLER. \$10,000.

Mr. RICE. Now, generally, what is the total of those checks to Binion, say, in a matter of a month or a matter of a year or 6 months?

Mr. BUTLER. They run into a considerable total. I have never added them up.

Mr. RICE. Into many thousands of dollars?

Mr. BUTLER. Yes, several thousands of dollars.

Mr. RICE. In connection with those disbursements from Urban to Binion, Binion and Urban were together on the deal, I take it?

Mr. BUTLER. Yes, sir.

Mr. RICE. Was an examination made of the books and records of that gambling outfit?

Mr. BUTLER. These same checks were used in the trial of Harry Urban in Dallas, Tex., at which time the partnership between Urban and Binion was established.

Mr. RICE. Was it indicated in the accounts that the checks were accounted for, these disbursements?

Mr. BUTLER. I can't state that to my own knowledge, no sir. It was my understanding that they were.

Mr. RICE. That they were not accounted for?

Mr. BUTLER. That they were accounted for.



Mr. RICE. And that the books did show disbursements?

Mr. BUTLER. Yes.

Mr. RICE. Is it true that the operation showed a loss?

Mr. BUTLER. I have a copy of the income tax reports made by the partnership in 1948.

Mr. RICE. Does that indicate a loss?

Mr. BUTLER. Either it did in either 1948 or 1949. If I can have a minute I will be more specific.

The CHAIRMAN. Is that something you got from them?

Mr. BUTLER. This was introduced at the trial, yes, sir.

The CHAIRMAN. Well, that can be a part of our record.

Mr. RICE. Then there was a net loss despite these various tremendous disbursements to Binion; is that right?

Mr. BUTLER. That was for one of the partnerships, Mr. Rice. Here is another one that I have that should go into the record.

The CHAIRMAN. That will also be made a part of our record.

Mr. RICE. Tell us about the deal when Shimley went down to Dallas from Las Vegas for the outfit.

Mr. BUTLER. About March 9, 1950, I received information that a man named Hal Shimley had been sent to Dallas, Tex., by Dave Berman, who operated the Flamingo Hotel in Las Vegas. Now, because of the Nation-wide publicity that was developing because of this situation in Texas it was becoming of some concern to others. It was our understanding that they wanted to quiet this matter down and Berman insisted on these people getting their business straightened out.

Mr. RICE. Now, there was some dynamiting that took place?

Mr. BUTLER. Yes.

Mr. RICE. Do you have photographs of that dynamiting of Mrs. Noble's car?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. Supposing we have a recess until 6 o'clock, and then we will endeavor to finish up by 6:30 or a quarter to 7.

(Short recess.)

The CHAIRMAN. We will be in session. Will you please be seated, Mr. Butler, and we will continue.

Mr. RICE. We were talking about the dynamiting and the murder of Mrs. Noble. What was the story on that, Mr. Butler?

Mr. BUTLER. In November of 1949 Mrs. Noble stepped into her husband's car to start it, and it blew up and killed her instantly.

Mr. RICE. You mean she got into his car?

Mr. BUTLER. Yes.

Mr. RICE. Was that an accident that she got into it? Was he the one that generally drove that car?

Mr. BUTLER. She had a Cadillac and he had a Ford. The day of the murder Herbert Noble was on his way to Fort Worth, Tex., with a group of bankers to buy an airport over there, and his wife used his car. It very seldom happened that way; that is what developed from the investigation.

Mr. RICE. She stepped on the starter, and that is what happened; the car blew up?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. This is a picture of the demolished car?

Mr. BUTLER. Yes.



Mr. RICE. And what is this a photograph of?

Mr. BUTLER. That is part of the car found about two blocks away from the scene of the explosion.

Mr. RICE. That is part of the metal from the car?

Mr. BUTLER. Yes, sir.

Mr. RICE. Then there came a time when Shimley came down to Texas. Tell us about that.

Mr. BUTLER. We received information that this man was in town attempting to contact Noble.

Mr. RICE. And he came from where?

Mr. BUTLER. From Las Vegas.

Mr. RICE. Shimley came down from Las Vegas?

Mr. BUTLER. Yes, sir.

Mr. RICE. Who was he?

Mr. BUTLER. He was a man that had been staying with Binion in Las Vegas, as far as we could ascertain.

Mr. RICE. He was an associate of Binion's in Las Vegas and came down to Dallas on a mission, and you got information that he was coming down?

Mr. BUTLER. Yes, sir.

Mr. RICE. What did you do?

Mr. BUTLER. Through a system we had we found out where the meeting was going to be held and set up a microphone and recorded it all.

Mr. RICE. Where was the meeting to be held?

Mr. BUTLER. In a tourist camp in Dallas, Tex.

Mr. RICE. Who was to meet?

Mr. BUTLER. Herbert Noble was to meet and talk with Hal Shimley.

Mr. RICE. What was the purpose of that meeting?

Mr. BUTLER. It developed the purpose of the meeting was to make their peace with each other; that is, Binion and Noble, so they could open the town up and everybody make a lot of money. In other words, Noble and Binion were having this feud down there for control of the town and Noble was being shot at and his car was blown up. Binion was afraid to go down there, so that this was the nature, or in the nature of an attempt at negotiations for peace.

Mr. RICE. An attempt at negotiations for peace; is that the idea?

Mr. BUTLER. That is right; yes, sir.

Mr. RICE. As a consequence of that, Shimley's trip down there, did Noble get together with Shimley as a result of that trip?

Mr. BUTLER. Yes.

Mr. RICE. And they met out at this tourist cabin?

Mr. BUTLER. Yes.

Mr. RICE. When did they go to that place?

Mr. BUTLER. On March 10, 1950.

Mr. RICE. As late as March 10, 1950?

Mr. BUTLER. Yes, sir.

Mr. RICE. You say that you installed a microphone there and recorded the conversation?

Mr. BUTLER. Yes.

Mr. RICE. Do you have the records of the conversation which took place at that time?

Mr. BUTLER. Yes, sir.

Mr. RICE. Do you have those with you?

Mr. BUTLER. Yes, sir.

Mr. RICE. For the record, I might state that the staff has listened to the records that Mr. Butler has produced and found that they contained considerable profanity, and for that reason are not suitable for playing publicly. I imagine if you want to have an executive session, Senator, perhaps they can be played. Do you have a recorder and a playback unit?

Mr. BUTLER. Yes.

Mr. RICE. Possibly they can be made available. In any event, you have a written transcript, which is an accurate reproduction of the records; is that correct?

Mr. BUTLER. Yes.

Mr. RICE. Do you have a copy of that with you?

Mr. BUTLER. Yes, sir.

Mr. RICE. Senator, we have a copy of that transcription here.

The CHAIRMAN. Before you read the transcript, you have the records and the actual records that were made. You and Mr. Robinson have heard them all; is that correct?

Mr. RICE. Yes.

The CHAIRMAN. Let's summarize this thing and just get to the important parts. As I understand, Binion had been doing business in Dallas, and throughout that section of the country; is that correct?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. And also Noble had been doing business in that section?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. They had been warring and fighting one another for control of the gambling of the city; is that correct?

Mr. BUTLER. Well, the city was actually closed down when Binion left town. The trouble had developed between these men and had continued after Binion went to Las Vegas.

The CHAIRMAN. Binion was over here on occasion; is that right?

Mr. BUTLER. To the best of our knowledge; yes, sir.

The CHAIRMAN. So then Mrs. Noble's car was dynamited and Mrs. Noble was killed?

Mr. BUTLER. Well, her husband's car was dynamited. She got into her husband's car, which was very unusual.

The CHAIRMAN. The dynamite was in his car but she started to use his car?

Mr. BUTLER. Yes.

Mr. RICE. That is the way she got killed?

Mr. BUTLER. Yes.

Mr. RICE. Shortly after that did Shimley come down to make peace between Binion and Noble? Is that the situation?

Mr. BUTLER. Yes.

Mr. RICE. That is where you found out what they were doing and got a recording of that; is that correct?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. All right, you can read that transcript into the record.

Mr. ROBINSON. As part of the background, Senator, I think it should be made a part of the record, a communication addressed to the com-

mittee by Will R. Wilson, Jr., district attorney of Dallas County, Dallas, Texas, relating to Binion. [Reading:]

He is under indictment in cause No. 74005 in Dallas County for the operation of a numbers or policy racket here. He is the principal partner in a policy game here which in the past did in excess of \$1,000,000 a year. We have tried to extradite Binion from Nevada, but his extradition was denied by the Nevada courts. We have reason to believe that he is continuing his interest in organized gambling in Texas under the protection accorded him by the Nevada courts against extradition. It is my belief he was guilty of income tax evasion for which he is currently under investigation by various Federal departments, including the Department of Justice and the Internal Revenue Department.

Mr. RICE. It has been suggested that in order to make the transcript more intelligible, if one of the staff members, Mr. Robinson particularly, would take the part of Noble or Shimley and Mr. Butler take the part of the other one it would make for a more intelligible reading of the transcript.

We will put on a little play here and see if we can find out what this deal was all about.

Mr. BUTLER. If I should stutter and stammer here it is because I want to overlook some of this profanity that crept into this thing anyway.

The CHAIRMAN. Well, I don't know whether the characters look like the ones that we have here or not.

Mr. BUTLER. Well, they called each other what they were, in the transcript, Senator.

The CHAIRMAN. Are you going to be Mr. Shimley?

Mr. ROBINSON. No.

The CHAIRMAN. What did Mr. Shimley look like? Was he a big overgrown fellow?

Mr. BUTLER. A very large man.

Mr. ROBINSON. That is me, then.

The CHAIRMAN. All right, Mr. Robinson, you will be Shimley.

Mr. BUTLER. This starts off, Senator, with Herbert Noble making the remark: "Just a minute."

The CHAIRMAN. All right, you take the part of Herbert Noble.

(Whereupon the following transcription was read into the record with H. G. Robinson reading the portions designated for Hal Shimley and George Butler reading the part for Herbert Noble.)

## RECORD NO. 1

HN. Just a minute.

HS. Hello, boy.

HN. He wanted me to come to the door. [Laughter.]

HS. Yeh, you come on in. \* \* \* [Herbert's voice indistinct.]

Just come on in. Just come on in, \* \* \*.

Well, listen here, boy. I want to tell you something.

HN. Phil, you can go on in, if you want to.

HS. No, no. I want him to stay here. Just let him stay.

PS. I'll be outside. I'll be outside.

HS. ——— it, we ain't got nothing to hide from him, 'cause he's got to help us, Herbert.

HN. He ain't got nothing to do with my business.

HS. I know he ain't got nothing to do with it. Neither have I got anything to do with it, but——

HN. O. K., but \* \* \*. [Indistinct.]

HS. You understand?

HN. Yeh.

HS. I tell you that, ———, I've found out that the goods ironclad. Now, the whole damn thing can be straightened out, and can be straightened out, and I

know what I'm talking about. And it can be straightened out with this man's help. And I'm not weak.

HN. Whose—whose help?

HS. This man, right here.

HN. You see, I don't want him in my business.

HS. Well, in this case can't the man act as a friend? ——— Herbert——

HN. No. That—what will happen——

Well, O. K. Ten you just tell him——

HS. Well, now, the thing about it. You—you know Phillip wouldn't lie to you, don't you?

HN. Yeh, that's right.

HS. You believe that.

HN. Yeh.

HS. ——— the luck. I wouldn't harm a hair on your head man. I'm your friend. You don't know what I've done. I never have put you in any spot, have I, or did anything but talk to you like a friend would talk to a friend, have I?

HN. Well, now, what part——

HS. Now, I went out there to this spot.

HN. Yeh.

HS. I've been all over the country. Every ——— place out there, just like I told you. Now, I've made up with some people out there that own the big Flamingo Hotel—this eastern outfit that owns that joint. Your name and his name is the talk of the ——— country. The man swears by the all God, and hopes that his five kids will all die, if he knows one ——— thing about the whole proposition from start to finish. Now, I'm just going to tell you what the ——— facts are. They know where that Bowers bought the ——— dynamite. They know the whole ——— thing, and the ——— himself claims he spent \$10,000 on the investigation, and has it ironclad, and he hasn't had a thing, and swears and hopes his children will die if he's ever had one thing ever done to you in any way, shape, or form.

HN. Now, I——

HS. I don't know, you understand, I'm merely telling you what I know and what I've been told.

HN. Well, now——

HS. So now Dave Berman tells me——

HN. Who? Who?

HS. Dave Berman. Owns the Flamingo Hotel. You understand?

HN. I—I know him. I——

HS. Now, Dave Berman—said to me——

HN. Just take it slow, now.

HS. He says, "Shimley," he says, "Do you know this fellow in Texas?" I says, "I've known the man 20 years."

HN. That's right.

HS. I says I don't know a ——— bad thing about him. I says that I don't know what in hell this thing is all about, Dave. He says, "We don't believe out here this man is our friend. The man's got the sheriff, the police, the judges—he's got everything in the State—through that outfit that owns everything there." And I says, "Well, I want to tell you something, Dave. I don't know what the proposition is about." He says, "We've got people investigating it now, finding out through our sources of investigation, and——"

HN. Wait, wait—just a minute ———. Excuse me, Phil—I'm crazy. Sit down.

PS. Oh, I don't care about sitting down.

HN. No, no. Go ahead.

HS. So, he——

[End of record No. 1.]

#### RECORD NO. 2

HS. He says to me, "Do you know this man?" And I said, "I've known the man for 20 years."

HN. Who's he talking about?

HS. Talking about you.

HN. Yeh.

HS. And he says, "Well, why in the hell don't you get together and straighten this thing up?" And I said, "How in hell can I straighten it up?" "Do you



know anybody that's connected with it?" And I said, "Yeh, I know a Jew boy down there that's his friend, that I've known for 15 years, too." He says, "What's his name?" And I told him—who his name was—Phillip Stein. Well, he knows about [indistinct] and Jerry and them in the oil business, because he's got some oil leases with old Max Cohn, and things in Oklahoma. So, he knows all about you, you understand. Now, how he knows about Phillips, I don't know. So I tell him, so he says, "Well, why in the hell don't you straighten this thing up and get to the bottom of it?" He says, "—— it, and get that—all stopped and kill those three—down there in Texas." Not talking about you, talking about some other people, understand, connected with this Bowers, now I'm telling you.

HN. Who? Who are they? Tell me.

HS. I don't know who they are.

HN. Oh, you do know.

HS. No, I don't. I don't know who they are, but I will know they are, and I think he (Stein) can help me to find out.

PS. I don't want to be in on that.

HN. No, no. He's——

HS. And the name——

HN. No. Well, now, here——

HS. Here, let me show you something.

HN. O. K.

HS. Now, here's what this man says—now after Dave gets him, and I talked to him. I said, "Yeh."

HN. What man? Who—who?

HS. Dave Berman, is the man that brought me in to Bennie. Don't you understand? Cause I done talked to him. He offered——

HN. But Dave's a big man out there.

HS. He's a big man out there. He owns the Flamingo Hotel.

HN. I've known him through some friends of mine.

HS. Now, now—on top of this, when we get to talking about it, he sits down at the table, me, him, and Dave, and two other people. He says, "I hope my five children will die this minute," and holds his hand up like this, "if I know one thing on earth about it."

HN. Who—who said that?

HS. Oh, Bennie said that, himself. "Now," he said, "I'm going to get to the bottom of it—this whole —— thing, and I've got people working on it now." Now, when I left there, I told him that I was coming to see Phillip, not you. Understand what I mean? So that was my mission here, was to try to get you two to talk together over the telephone—and let me and Phillip go out there and Phillip straighten the whole —— thing out. And he's got to get in the middle of it, because he's your friend, and he can't do any more, and I don't do it by myself.

PS. No, Herbert.

HN. No, thank you.

Well, even—even after that, the —— town is in such a mess, how in the hell you going to ——

HS. Well, you and him know how to straighten it out.

HN. I don't know——

HS. Well, by God, he said you could. I'm telling you what the man said. Would you talk to the man over the phone?

HN. Yes.

HS. All right.

HN. Yeh, get him on the —— phone right now. I'll talk to him.

HS. I'm going to tell you something. I done stuck my neck clear up to here. You understand.

HN. Yeh.

HS. Give me long distance, please. Yes, I want 3669W, Las Vegas, Nev. Nevada, that's right.

[End of record No. 2.]

RECORD NO. 3

Whispering [indistinct].

HS. Now, listen, Phillip, you are the only man that can help me with this proposition.

HN. Now, if you ever —— tell what name I'm using——

HS. Say, listen, don't you worry about me —— man. Are you afraid of me, Herbert?

HN. No, I'm not. If I was, I wouldn't even be talking to you.

HS. Listen, let me tell you something. You know what I've done. Now, I'm just telling you, I don't give a —— I've spent \$6,500 on this.

HN. —— I still—if—unless he can do something with somebody here—how in the hell—but even at that, I don't see how——

HS. By gosh, he can stop it.

HN. That man out yonder?

HS. You ain't kiddin'. He'll stop it, or we'll kill all three of them—one or the other. And you want have to have nothing to do with it, either. You know that man—I mean loves them kids just like you do your daughter.

HN. That's right, that's right.

HS. He stood like this, Phillip, and he says, "I hope God will kill all five of them, now, if I know one thing about it, at all." He didn't only convince me, he convinced the biggest mob in the United States. If he wanted to get something done, he wouldn't have nobody do it like that. I'll tell you that.

HN. I know he and Mickey are just like that.

HS. One of the biggest outfits in the United States.

HN. That's right, that's right. O. K. I know he—he's got a connection that won't quit. Hell, now, I'm not calling him.

HS. I'm calling him.

HN. You're calling him.

HS. You're —— right.

HN. Hell, say, I get——

HS. Hello, Mrs. Binion? Is Mr. Binion there? This is Shimley, hello, this is Harold Shimley, Harold Shimley. Yes, I'd like to talk to him, please, if you can get him on the phone. Hello, Bennie, this is Shimley. Well, I'm in Dallas and I have done what I told you I thought I could do. And I think this whole thing can be straightened out 100 percent. And, of course, I know what I've been told, and you know the whole score from start to finish. I know you wouldn't have spent \$10,000 if you hadn't have known. I don't get that from you. I get it from the other people. And this is my friend, just like you are. Now, wait a minute. I want you to talk to somebody a minute.

[End of record No. 3.]

#### RECORD NO. 4

HN. Ask him what he wants to tell me.

HS. Well, come on and talk to him. —— it. Man's 1,500 miles away. Just talk to the ——.

HN. Hello, Bennie, this is Herbert. All right, how are you? Oh, I've got a little cold. Yeh, yeh. We are way out in the country, partly, anyway. We are out in the country, partly, anyway. Oh, I'm all right, perfect. Yeh. Well, what about Shimley here? Yeh, yeh. Well, I just wondered—I just wondered—I didn't know what—the score was. Yeh, wait a minute, then I'll let you talk to him. Yeh, yeh. No, never heard of him. Oh, yeh, I know the son of a —— Hey, I know him. I—I. He gave me some pretty bad write-ups. Yeh—well, I don't know but they—they done something to my wife here in the paper. I didn't like a damn bit. Yeh. Wait just a minute, then, and I'll let you talk to Shimley.

HS. Listen, Mr. Binion. I'm here with the only man that—that we can get this whole thing straightened out with—and that's Phillip Stein. Understand? I want you to talk with him a minute. Come here, Phillip.

PS. Hello—hello, Bennie. O. K. Yeh, well, that's him. I got—I wasn't supposed even to be here, but I am. I—I didn't want to get involved in all of this stuff. Well, I know, but—I mean I'm getting caught in something when I'm an innocent party. Yeh. Well, they just wanted me to talk with you.

HS. Let me talk to him.

PS. Yeh, I know it. Wait a minute, Shimley wants to talk to you.

HS. Now, do I have, just as you said when I left there, the power to go ahead and try to straighten the whole thing out? Well, do you know me now? Well, did you recognize the other two men? Yeh. Well, now listen—now, uh—this thing has gone far enough, just as Dave and everybody out there says, and let—let's straighten the whole thing out. Yeh. Well, then, me and Phillip might come out there to see you. Well, and in the meantime, uh, do you think that fat man—does he know anything about the thing at all? He doesn't—he doesn't? Oh, he don't even know them. Uh-huh, yeh. Well. I'll tell you what I'll do.

I don't know just how soon I'll see you, or when I'll call you, but I'll get in touch with you just as soon as possible. And everything will be careful here until we can straighten the whole thing out. Well, every precaution will be taken. Well, no, you won't be responsible, but still them other people—we've got to take care of that. So then, I'll get right on it and me and Phillip will probably see you within the next 2 or 3 days anyhow, maybe tomorrow. All right then, you be good, and we'll see you soon. All right.

That ——— I'm telling you, boy, there ain't no ——— about it, that Benny, is on the square about this thing.

[End of record No. 4.]

## RECORD NO. 5

HS. And it's the talk of the ——— country, it's the talk of the ——— country, and there ain't no ——— about it. I mean the talk of the country.

HN. You know——

HS. He said right there over the phone—he said, he said, "Now, be careful until we can get things taken care of." You understand?

HN. What did he mean by that?

HS. Well, I guess he means that he don't want nobody to get out in the open, you understand what I mean, and put yourself in a spot, or something else. Just like you remember, when I left the house, now you remember this. I'm not bawling you out or nothing, but you told me you would not go out that door at night, didn't you?

HN. Yeh.

HS. Then you turned right around and did it.

HN. Well ——— it. Hell. I—I—let's don't go back now.

HS. Now, wait——

HN. No; don't go back now—I am going to tell you that's—on you.

When I lost my wife——

(Crossed voices.)

HS. I know that—I know that.

HN. And ——— it, I'll tell you one ——— thing——

HS. And I'll tell you, you are going to know the ——— that done it.

HN. All right. Who? You know, now.

HS. And the ——— by God, done it was the man that was trying to get you.

HN. Yeh. Who—who is he?

HS. You know who he is as well as I do.

HN. No, I don't. No, I don't.

HS. You know that ——— down there that got life in the pen as well as I do.

HN. Who, Delbert? [Bowers.]

HS. You ain't——

HN. He didn't do it by hisself.

HS. Well, he done it with some of his ——— burglar friends.

HN. I don't doubt your word. Don't doubt your word a bit, but still——

HS. I'm telling you, and you're—you are going to find it out for your own satisfaction.

HN. O. K. That's what I want to do, but I don't want to make no ——— mistakes. But—uh, well, here's the thing about it——

HS. You see—but here's the whole story, Herbert, with things like they are, this man swears—now, I don't know one ——— thing, only I don't believe that ——— would hold up his hand and take an oath on them kids any more than you would on your daughter, you understand, and hope they'd die, if he knew anything about it. He didn't talk to me; he talked to other people. There were five people at the table. And the man—it, it hurt him as bad, you ain't never seen nothing like it, so other people tell me, when this happened to that woman and he got the beef for it. Now, I'm telling you, and the ———, I——

HN. By God, I didn't name him. I didn't name him.

HS. Well, I know you haven't named him.

HN. I ain't named a ———.

HS. That don't make no difference, Herbert. Everybody in the country has said and talked, you understand—the inference, and all. You never have named him

HN. I ain't named nobody, and I won't name nobody. I——

HS. But at the same time—here, let me show you something. If we can get this thing straightened out and settle this thing for them ———. Will you be friends enough with the man that we can all make money and open the ——— town?



HN. Yeh.

HS. And take care of yourself—not put yourself liable to any ——.

HN. I ain't liable to nobody anyway.

HS. Well, well, I'm liable. When I stand out in the open and meet Phillip, how do I know that Phillip is coming to meet me? Because I trusted your friend. I wouldn't do nothing to my friend. And you are still my friend.

HN. I wouldn't harm a flea, but —— it.

HS. —— the luck, but let me tell you something. I don't know, but I do honestly believe this, if that man had of wanted to had anything done to you, he could have had people who don't do a —— thing but that, understand what I mean? He didn't have to go. A man that has that kind of connections, he wouldn't have to go to some —— that would be an amateur, the way these —— has done you, and the way they went—have gone about it.

HN. I never said it was him.

HS. I know, but I'm telling you, understand? The man thinks that you think it's him. The man is as crazy as any betsy bug you've ever seen, and I saw tears rolling down the man's eyes, about your daughter.

[End of record No. 5.]

# RECORD NO. 6

HS. Now, I don't know, Phillip, now, that's the truth of it, understand?

HN. Well, —— it [stuttering—indistinct]. I'm the one. I ain't got my right mind half of the time.

HS. Well, I'm willing to try to handle it any way you think. I've told you the truth.

HN. O. K. Well, what's the deal?

HS. I say that I think that the two of you ought to get together and go ahead and straightened, and let these other —— be taken care of. Understand what I mean?

HN. Yeh.

HS. And they will be taken care of from the other end, not from this end. Understand what I am talking about?

HN. Yeh.

HS. Course, you ain't going to take care of that one unless you take care of him down there in that joint. [Indistinct.] But he tells me that the —— can be taken care of down there.

HN. Probably can, if you have the right kind of connections.

HS. Well, I don't know about that business, you understand. All I know is what he says. He could get him killed in there if he wanted to.

HN. ——, now we are talking business.

HS. Understand, now, I'm telling you that the whole —— thing can be straightened out and the town can be straightened out, every —— thing, and be clean yourself.

HN. All right, then. Where, where? How am I going to know who killed my wife?

HS. You'll know when the —— was that was one of them, when they find them out there.

HN. Who?

HS. Well, you know.

HN. Well, now, just start—we are talking plain and we——

HS. Well, old Delbert Bowers, ——.

HN. Well, who else did it?

HS. The ——, they even know where he bought the dynamite. They know where he done the whole —— thing now.

HN. Do you know where he bought the dynamite?

HS. No, I don't know. Never even ask them, but I'll guarantee when I go with this man, by God, both of us will ask him. They know where he bought the —— dynamite to do it with. The —— thought he was killing you. He is the dirty —— that is behind the whole thing. I don't see how the —— can sleep at night, for what he done. I'm telling you.

HN. I know that the night that my wife was laying out there in the morgue, that —— was playing cooncan and gambling with the whole —— bunch.

HS. Didn't bother him a bit; did it?

HN. No. Say, I'm no —— fool. I know what part of it is, but there's some that want to know. I want to know, and I don't——



HS. See, here's the thing about it, Herbert. I am between the —— and the sweat. I've done something that Phillip—I ain't telling Phillip. Nobody knows but me and you, understand?

HN. Yeh.

HS. And I got mixed up in this thing, and I got mixed up in it a funny way. I spend my own money, understand what I mean. I've took care of other people—people with me now. Took care of them and have taken care of them since that time, and if it don't be for them on friendly terms, with another man from New York, there, one of them, you understand, I wouldn't have never known what I know now. See what I'm talking about? Well, after I found out the whole story, I asked the man, I said, "Listen here, Bennie," I said, "I'll go and talk to that man in Dallas."

[End of record No. 6.]

## RECORD NO. 7

HS. Unless you can talk to him, and you can get together, and you can iron this thing out. He says, "Hell, I ain't never done one thing to the man. He says and, ----- it, everybody in the country is saying that I done it. You haven't said it, but everybody else has said it." Understand?

HN. All the ----- Houston newspapers said I said it, and I never ddi. I told them on the ----- phone, I says, "I never have named anybody, and I won't name nobody."

HS. He said something over the phone about some ----- reporter.

HN. He asked me, the -----, little old Mac—Mac something, that was bringing Mildred's name at the ----- trial, down there at Delbert's trial.

HS. Well, he told me that there was a reporter here from Dallas.

HN. Yeh, and the reporter was telling him what a good guy I was. Well, I don't owe Mac no favors, and I don't want him—

HS. And I don't even know him. I never heard of him until just now, when he told me over the phone.

HN. He asked me, and you heard what I told him.

HS. I didn't know what you was talking about.

HN. We was talking about that ----- newspaper reporter. I'll tell there ain't nothing I'd rather do than to get it square. But I'm not showing no ----- yellowness.

HS. Oh, now, they ain't nobody even thought about that, Herbert, understand? The idea is that this thing here, don't you think can be taken care of, Phillip?

PS. I always hoped it could.

HS. You'll do your part, won't you, and I'll damn sure do mine.

HN. Well, damn, he's got some agents here. Why?

HS. He ain't got nobody here like that man. I'm telling you that ——, —— the people that's out there. I know what I'm talking about, that with the connections and everything, you understand what I mean? The ——, that's their business, and nothing else. They don't make any mistakes.

HN. Well, I—I—I'm not saying. I don't know. I'm kinda a little bit in the background, —— it, a lot of people knows some things that I don't know. But——

HS. But I told you that I know about, you understand.

HN. Yeh; all right.

HS. And the ——, the man has already told me, he says, "Get all the stuff taken off me, and let it lay where it is," he says, "I'll take care of the whole situation." He says, "I can get the —— killed in the penitentiary."

HN. Well, that's good enough for me.

HS. And when I'm telling you this, I'm not lying to you. The man sat there and there was five people at the table, and tears rolled down the man's cheeks when he talked about your daughter, and talked about the way this thing happened. And when they found out they know exactly where the —— even bought the —— dynamite, and everything, in Fort Worth. And I'll find it out for you and tell you.

HN. That's what I want to know.

HS. Course, they are never to know that it came from me, understand what I mean?

HN. Hell, there ain't nobody ever know it, Shimley.

HS. But I don't want to know it, because here's the thing about it, I don't want to put anybody in the electric chair. I'd rather see a —— get murdered. I'd rather get killed myself than put a —— in the electric chair.

HN. No need to talk like that. Let's don't talk about it.

HS. Well, here's the thing about it. I'm to straighten the thing out between you and this other man, and I know me and Phillip can get the job done.

HN. I'd rather that you'd just deal around Phillip, now, because, —— it ——.

PS. Don't pull me in. I don't really want it. You all are pulling me in something that I don't even want, and I told you I wasn't even—didn't want to come in here, and you wanted me to.

HN. Well, well, now, how about this?

HS. Well, all right, now look here, ——, you're a friend of mine, and you are his friend, so what the hell.

HN. Well, how about this?

[End of record No. 7.]

# RECORD NO. 8

HN. Town can't open before—looks like Wilson will be reelected, and——

HS. That will be all right. Wilson will be taken care of. I know what I'm talking about.

HN. O. K. That's—, ——, but——

HS. And maybe money behind him to elect him, understand?

HN. Now the —— deal is not settled.

HS. Oh, no. It ain't going to be settled until the work is finished, understand. When the work is finished, and you know what the score is, I'm going to let people tell you. Understand what I mean?

HN. Yeah.

HS. I'm not going to tell you, Herbert. And I really don't know, I'm just like this man about that. I don't want to know who them three guys are, understand what I mean?

HN. What three guys?

HS. The three that's mixed up with this Delbert.

HN. Was it three of them?

HS. Oh, yes; three of the —— altogether. So I don't——

HN. The hell there was. One of them to drive the car, one of them to shoot, and the other to do the job, I guess. The ——.

HS. Every one of them —— bank burglars, —— knobknockers, ——.

HN. Who were they, Shimley? You know them.

HS. I really don't know their names. No. And if I knew I'd tell you.

HN. All right.

HS. I don't know, I done told you.

HN. I'd expect you to.

HS. I don't know, I don't know, you understand. I told you the truth about it, and I wouldn't lie to you, understand, and I'll guarantee that if I can't help you I won't do you any harm. I told you that all the time, from start to finish, and I honestly believe this —— is telling the truth. I am convinced of it, by God, because he wouldn't lie to them —— people. They would kill him just like they would me, if they caught the —— in a lie and a double-crossing ——.

HN. Well, I'm just as willing to square it as anybody.

HS. Yeh, but the thing is, you got to know who the other people are, understand?

HN. Yeh.

HS. And will you promise me this now? I'm asking you again.

HN. O. K.

HS. Will you take care of yourself until you know who they are? Will you do that?

HN. I will, or I'll get caught trying.

HS. All right, that's all I ask of you. That's all I'm asking of you and I'm not asking —— much. Because, by God, I don't ever know where you are. Wouldn't want to know, no way on earth.

HN. I'll tell you, and any —— time you want to get me——

HS. I'll get you through this man. I trust this man.

HN. I'll be here in Dallas, you can bet your life. I'll be here.

HS. I'll trust this man, you understand?

HN. Want everybody to know where I am.

HS. I trust this man and I know damn well that you trust him.

HN. That's right.

HS. And I won't ask nobody nothing, even your own brother, or nobody else. I'll do all my stuff through him, and if I want to get in touch with you, I'll get in touch with him.

HN. My brothers absolutely don't know as much as Phillip, and Phillip don't know nothing.

HS. Well, of course, mine and your business Phillip don't have to know.

HN. That's right.

HS. Understand?

PS. Well, I just—[Stein's voice].

HS. Well, I'll see you, boy. Where's my hat?

HN. Now, don't let me down.

HS. Let you down? I've got three kids myself, and I hope every one of them will die this minute if I let you down. You will let yourself down if you do; it won't be me. Take care of yourself.

[End of recording.]

About 7:45 p. m. March 10, 1950, Hal Shimley made a long-distance call from D4-3994 Dallas, Tex., to 3669-W, Las Vegas, Nev. The toll tickets on this call have been picked up by the Dallas Police Department. Lt. George Butler and Lt. George Lumpkin of the Dallas Police Department supervised the covering of this meeting and each are in position to testify.

In the above recording transcriptions, the initials "HN" stand for Herbert Noble, Dallas gambler who has had his wife murdered by a dynamite bomb and has been the target for numerous attempts on his own life.

"HS" represents Harold Shimley, who has an arrest record all over the country. He is a "con man," among other things, and if it had not been for the long-distance phone call to Binion to verify his story, his statements would not have carried too much weight. After this call was made, we realized that in all probability most of his story was true, as he was strictly correct when he stated that "those people out there would kill me like a dog if I lied to or about them." He meant the big mob represented by Dave Berman.

"PS" is Phillip Stein who is, as he states himself in the recording, very much out of place at a meeting of this character.

The CHAIRMAN. Anyway, what happened? Were the rackets to get together? Did it work out?

Mr. BUTLER. We put the people involved under surveillance but we never could get them on a plane or find out whether they made any further telephone contacts, or anything.

Mr. RICE. Now, referring back to the transcript, part of that conversation relates to a fellow named Bowers, and the location of the place where the dynamite was bought. What is that about?

Mr. BUTLER. Well, there was some talk about Delbert Bowers in Dallas having placed the bomb in the car that killed Mrs. Noble. In this conversation Shimley states that Binion has spent \$10,000 in attempting to find out who was responsible for that deal.

Mr. RICE. Binion spent \$10,000 trying to find out who killed Noble's wife?

Mr. BUTLER. That is Shimley's statement, and he made the remark that he could trace the purchase of the dynamite to Fort Worth, Tex.

Mr. RICE. What were they going to do about it?

Mr. BUTLER. Well, that is in the transcription.

Mr. RICE. Tell us, in general, in your own words, about that.

Mr. BUTLER. He stated that in order to get things evened up, that they would get these responsible parties killed.

Mr. RICE. They were going to kill them?

Mr. BUTLER. Yes. This fellow Bowers was sent to the penitentiary about that time and they were going to have him murdered even though he was in the penitentiary.

Mr. RICE. They were going to go inside of the penitentiary and take care of him inside of there?



Mr. BUTLER. Yes.

Mr. RICE. Is that the end of it, Mr. Butler?

Mr. BUTLER. Well, those are the highlights of it; yes.

Mr. RICE. Did it come to your attention that Shimley got any reward for acting as an intermediary in these negotiations?

Mr. BUTLER. I was told by a reliable source——

The CHAIRMAN. I think we are getting too far along here about second-hand information. You were told by a reliable source about some things but let's don't bring somebody else's name in here unless you absolutely know.

Mr. BUTLER. Shimley is now operating a wire service in Tulsa, Okla.

Mr. RICE. You know that he is operating a wire service?

Mr. BUTLER. That is our latest information.

Mr. RICE. You have made an investigation officially and have that report?

Mr. BUTLER. Yes, sir.

Mr. RICE. In connection with your investigation did it come to your attention that Binion and Jack Dragna were friendly?

Mr. BUTLER. I can't state that to my own information, but I heard that.

The CHAIRMAN. Then let's strike that out of the record unless you know something about it.

Mr. RICE. Insofar as you know, Binion is now among the missing?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. We have been trying to serve a subpoena on him for some time; isn't that correct?

Mr. BUTLER. Yes, sir.

The CHAIRMAN. Well, this has been a very interesting recording and there is some information that is very pertinent in here. I think it may be of some use to us. If any of the press want to hear the actual recordings, they are available. Can you set them up, Mr. Butler?

Mr. BUTLER. Yes, sir. This transcription of what we have, the essence of it, I understand, will be made a part of the record.

The CHAIRMAN. Yes. However, I do think where it refers to other than the parties involved themselves, Binion and Shimley and Noble, that unless you have from an official investigation information that shows these things, it should not be used against or considered as derogatory evidence as to other persons who may be involved. Is there anything else?

Mr. BUTLER. No, sir. Our information was that Binion had turned to the big group at Las Vegas to keep him from being extradited, but that again is something else that is difficult to prove.

The CHAIRMAN. Thank you very much, Lieutenant Butler.

Do we have any other witnesses to call?

Mr. RICE. I think that does it unless there is someone here that hasn't been heard that has been subpoenaed. Is there anyone here under subpoena that we haven't called?

Mr. DESIMONE. We have Mrs. Matranga here.

The CHAIRMAN. We just wanted to ask her a few questions about the whereabouts of her husband, or if she could help us locate him. I think that was the purpose of having her come down.



Mrs. Matranga, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. MATRANGA. I do.

**TESTIMONY OF MRS. MARIA MATRANGA, LOS ANGELES, CALIF.,  
ACCOMPANIED BY FRANK DESIMONE, ATTORNEY, LOS ANGELES,  
CALIF.**

The CHAIRMAN. What is your name?

Mr. DESIMONE. My name is Frank Desimone. I appear on behalf of Mrs. Maria Matranga. May I say at the outset that Mrs. Matranga does not understand English very well.

The CHAIRMAN. It is my understanding that Mr. Van Brunt investigated this matter. Perhaps he can tell us something about this. I am informed that he went out to try to serve a subpoena on Mr. Matranga, who we have been looking for, Jasper Matranga. After many visits, and he even had difficulty getting into the house to talk to Mrs. Matranga, and the message was, "Maybe we will give the message to Mr. Matranga or maybe we won't."

He felt, as I understand it, with the response he got when he went there, that Mrs. Matranga and the members of the family knew where he was and we thought you should come down and tell us about that. He is an important witness to us.

Mr. DESIMONE. Did you understand what he said?

Mrs. MATRANGA. I understand just a little bit; I can't answer right, you know.

The CHAIRMAN. Can you ask her where her husband is?

Mr. DESIMONE. Do you know where your husband is?

Mrs. MATRANGA. No.

The CHAIRMAN. When did he leave home?

Mrs. MATRANGA. A couple of days after New Year's.

The CHAIRMAN. A couple of days after New Year's?

Mrs. MATRANGA. Three or four days. I don't remember exactly the days.

The CHAIRMAN. Where did he go?

Mrs. MATRANGA. I don't know. He told me, "I am going out," and I don't know anything about it.

The CHAIRMAN. Does he do that very often, just leave home and you don't hear from him for a number of months?

Mrs. MATRANGA. Never for 6 months, nothing like that.

The CHAIRMAN. How about a period of 2 months?

Mrs. MATRANGA. You know, he is going out on business or something like that.

The CHAIRMAN. Do you remember Mr. Van Brunt here, this gentleman?

Mrs. MATRANGA. I saw him at one time; yes.

The CHAIRMAN. Why did you tell him that maybe you would get a message to your husband and maybe you wouldn't?

Mrs. MATRANGA. I told him that I would give the subpoena to him if he came.

The CHAIRMAN. I am talking about your husband now.

Mrs. MATRANGA. I know nothing about my husband; I can't say.

The CHAIRMAN. What do you live on when your husband is gone?

Mrs. MATRANGA. I have two daughters working and they pay my bills.

The CHAIRMAN. Who was it, Mr. Van Brunt, that told you that or left the impression that they knew where he was and it was just a matter of their discretion whether they would find him or not?

Mr. VAN BRUNT. It was between Mrs. Matranga and her daughter, Senator. When I originally contacted Mrs. Matranga, when the committee was first here, I left specific instructions to have Mr. Matranga contact us when he came back. From what I have heard he evidently came back and left again after the first of the year. She evidently did not relay the message to him or he refused to get in touch with us.

The CHAIRMAN. That was in late October or November that Mr. Van Brunt left a message with you to tell Mr. Matranga to get in touch with him when he came back. Do you remember that?

Mr. DESIMONE. I want you to state if you understand what they are talking about. Don't answer anything that you don't understand.

Mrs. MATRANGA. I don't understand.

Mr. DESIMONE. Then say you don't understand.

Mrs. MATRANGA. No; I don't understand.

Mr. RICE. Can you help us, Mr. Desimone? We are only trying to locate Jaspar Matranga.

Mr. DESIMONE. I am quite sure that if he does come home she will notify him.

Mr. RICE. Does she have any information at all as to where he is?

Mr. DESIMONE. She tells me that she has not. He, apparently, has just gone somewhere.

Mr. RICE. Does she expect him back?

Mrs. MATRANGA. I hope so.

The CHAIRMAN. Have you reported him to the police as being missing?

Mrs. MATRANGA. I don't understand.

Mr. DESIMONE. Did you report to the police that he is missing? Well, she evidently doesn't consider him to be missing.

Mr. VAN BRUNT. I would like to mention here that Mr. Matranga is wanted by the Immigration and Naturalization Service at this time. They have sent no less than two registered letters that were opened by his daughters and they contacted the Immigration and Naturalization Service, and told them that he was on a trip up north selling cheese. They stated that they would most probably be in contact with him and would have him get in touch with the Immigration and Naturalization Service. Even they are unable to locate Mr. Matranga.

The CHAIRMAN. Very well. Will you please tell Mr. Matranga that we would like very much to see him when he gets back?

Mrs. MATRANGA. Yes.

The CHAIRMAN. You are sure that you do not know where he is?

Mrs. MATRANGA. No, I don't.

The CHAIRMAN. If there is nothing further, then, that will terminate our hearings here in Los Angeles. We will have hearings Friday and Saturday in San Francisco.

I may say that my feeling about the conditions in southern California is this: That there are some people and some investments here from other parts of the country and some interstate connections

between operations that have in the past taken place between southern California and other States in the Union. The chief ones at the present time seem to grow out of the bridgo-bingo and draw poker operations of which we have heard something.

There also seems to be some people that have come here and gotten into the liquor business from other sections of the country, not to any great extent, and not as great as I thought it might be or had been advised previously. The information that we secured in our executive sessions coupled with what we have gotten in these open sessions, I think, will be of considerable importance to us in our report. The testimony of most of the witnesses, who testified in the executive sessions, will be made open as soon as we can get copies for members of the press and for public dissemination.

During our visit to southern California we have had considerable information with reference to the alcohol tax administration laws of the Federal Government, which will be included in our report and will be of some value in making worth-while recommendations to Congress, we think.

Some stress will be put on matters relating to possible amendments of the Internal Revenue Code; we have had some testimony that will give us additional information upon which we might make recommendations.

Now, I think it is fair to say that during the last few years and even since we were here last November, there has been a continuing improvement in what I have observed in the interest taken by the public in law enforcement, and that law-enforcement officials have enforced the laws to a much better extent.

I think southern California, at least, is some time ahead of the progress that is being made in a good many other sections of the country. I do not mean to say that there is not still a good deal of bookmaking and gambling of every kind that you find in every large community, but the situation seems to be much improved.

Also, you have the problem with these quasi legal types of gambling like draw poker, bridgo, bingo, or whatever it may be called, but it is very interesting and good to note that wire service has been eliminated from California except for some sneak operations. It is good to note that outfits like the Guarantee Finance Co. have been taken out of existence and that in California you have a State crime commission which has done great work in exposing interstate and organized criminal activities and also officials who have not enforced the laws.

In various counties in this section there have been grand juries which have done very good work, which we have heard about.

It has also come to our attention that some offices and some officials who have not had good records of law enforcement, or who have been giving protection to the gamblers and the racketeers, have been eliminated from office.

We also have found such improvements as the joining together or the merger of the vice squad of the city of Los Angeles with the vice squads of municipalities outside of the city of Los Angeles and with the county, which is certainly a worth-while step.

We find a much better interest in trying to bring about better conditions in the police forces of the cities and of some of the coun-



ties out here, which is very encouraging. So I do want to pay the people and the officials of this section of the country a compliment on the progress that they have made.

We have also heard two witnesses here today who have no relationship with California, but who represent a pattern that we have found among certain groups in a good many parts of the United States. That is Mr. Dalitz and Mr. Tucker.

Their testimony is of considerable importance in the Midwest and in the eastern part of the United States. Of course, it has been generally rumored, and we in our hearings in Cleveland and in other places, have shown that there has been a syndicate that has been operating in that part of the country, which follows the usual pattern of having made money during the days of prohibition, rum running and bootlegging, dealing in liquor, and taking the profits that they have made and getting into all kinds of enterprises, both legal and illegal. It will be noted that these men, with this syndicate, apparently have great financial power. The testimony shows that they were sought out by Wilbur Clark, having more than a million dollars available for the purpose of finishing the Desert Inn at Las Vegas. The testimony also disclosed that they had some smaller holdings in Florida.

Their businesses are very substantial and are among the largest gambling casinos in the United States. The one over across the river in Kentucky, where they have been operating for a considerable time, is one of the largest in the country. In the State of Ohio they had various types of gambling enterprises.

Then you will find, also, the pattern of putting their money into legitimate businesses. Here we have a man as president of a large steel corporation by virtue of being able to find the ready cash that these people have available. We have heard testimony about other businesses that they have gone into.

I think the testimony of these two persons shows the general trend that racketeering and persons that may have been engaged in illegal activities has taken in the United States. They have been engaged in rum running and other types of activities, gambling, and so forth, and then go into legitimate businesses or get into whatever they can. Of course, gaining respectability as they go along, or trying to.

Again I want to thank Mr. Stilwell, the custodian of the building, for the arrangements he has made for us, and the great number of courtesies shown us. I should also like to thank Marshal Boyle for his help and Mr. Green and the many deputies of the marshal's office for their help.

I want to thank all of you good people of Los Angeles for your cooperation in helping our situation.

Now, they have done a very good job in televising our hearings and it has brought the matter to the attention of many people and I hope it has been interesting. Many listeners heard our hearings broadcast over the radio. We have gotten a good deal of response from people who have seen the hearings over television, or who have heard them over the radio, which we are grateful for.

Now, if there is nothing else we will stand adjourned. Before closing, though, I want to offer one final opportunity for anyone whose



name may have been brought out, to make any statement or explanation if they want to, or if anyone who gets any word about any of the testimony, if they think it is derogatory to them, we invite them to write us in Washington and their letters will be given the closest attention and opportunity will be had for them to be heard. We do not want anyone to say that their name has been used and that they did not have a chance to present their side of it.

If there be nothing further the hearing will stand adjourned at this time.

(Whereupon, at 6:45 p. m., February 28, 1951, the hearing concluded.)



# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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FRIDAY, MARCH 2, 1951

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*San Francisco, Calif.*

The committee met at 10:10 a. m., in room 338 of the Post Office Building, San Francisco, Calif., pursuant to the call of the chairman, Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver.

Also present: Downey Rice, associate counsel; Harold G. Robinson, formerly chief investigator and presently deputy director of the office of the attorney general of the State of California; William Amis, Herbert Van Brunt, and George Butler, investigators.

The CHAIRMAN. The committee will come to order.

First I want to express our appreciation to Judge Roche for the use of this very beautiful courtroom that he has allowed us to hold this hearing in.

And may I say that no one enjoys smoking any more than the chairman, but we shall have to have no smoking in the courtroom at any time. I hope that everybody will observe that rule very strictly.

I might set forth very briefly the purposes of this committee, which I think are quite well known already.

Under Senate Resolution 202, this committee is directed to make an inquiry for the benefit of the Senate and Congress, for the purpose of making legislative recommendations. That is the only justification for a Senate investigation, although there are many incidental results of Senate investigations, such as public interest and apprising the people of the country of conditions that may exist.

It has been known for a long time, and there has been increasing evidence, that there are people in the country who operate across State lines in violation of the laws of the various States in which they operate and also of the United States, carrying on gambling and various kinds of criminal activity. The committee has already found that these things are true and that they are true to a larger extent than we anticipated when we began our inquiry.

Aside from the moral matter involved, the important elements are: that they are taking a terrific drain upon the economy and the savings of the people of our country, and particularly of those who can least afford to lose and to do without the means that they have; that as a necessary part of and along with and coexistent with the violation of State laws, it is necessary that these operators, in order to carry on,

try to secure political and law-enforcement protection, which leads to bribery and corruption and in some instances fairly complete breakdown of law-enforcement; also that some of these groups have become so powerful in some sections that the local people have felt an inability to adequately cope with them.

The third distressing part of the picture is that with the huge amounts of money that have been amassed, many of these people have gone into quasi or fully legitimate businesses, in which, unfortunately, they carry into their businesses the same methods of intimidation, coercion, and unfair practices that they carried out during their racketeer or criminal days.

The vehicle of interstate commerce is, of course, one that the Federal Government has a right to use to prevent the violation of laws of the Federal Government or of laws of the various States. The Internal Revenue Code is another method that the Federal Government can rightly use, not only to collect taxes but also to try to see that those who violate the laws and pay taxes give full accounting and that they do not keep money from the Government which they rightly owe.

I want to make it clear that the committee is not interested in purely local matters. It is not our province to try to solve local crime violations, except where they have some reference to the use of the vehicle of interstate commerce or some reference to some Federal statute, such as the Internal Revenue Code, or where they have some reference to employees of the Federal Government.

This hearing in San Francisco is the twenty-second hearing that we have had. In November we were here for 2 days, during which time we went into a great many aspects of interstate operations in the San Francisco area. Those inquiries in general will not be repeated, because the testimony that we took at that time will be made public.

In our two short days here we shall not have time to cover all of the ground again. At this hearing we shall have some new matters. At the time we were here before we found that certainly a very, very small percentage of the employees of the Internal Revenue Department had been allegedly engaged in some improper practices. I think in fairness it should be said that an investigation by the Intelligence Department of the Internal Revenue Bureau has been made of many of those alleged improper actions, and some of them have been closed with some employees having been discharged. We hold it within our jurisdiction to go into matters of improper conduct for violation of law by Federal employees, and particularly in a very sensitive part of the Federal Government such as the Internal Revenue Bureau, because we must always have the fullest confidence in the tax-collecting bodies—local, State, and Federal. I think it should be pointed out that some of these investigations are continuing; they have not been completed, and that we hope that the investigations now under way will be concluded as quickly as possible so that anyone who is guilty or has done anything improper can be properly dealt with.

Also, I wish to make it clear that I think over the Nation the people in the Internal Revenue Bureau are good, hard-working, honest public servants, and that the bad conduct of a very, very small percent simply cannot be allowed to color the work of the great Internal Revenue



Bureau. And so the Intelligence Service of the Internal Revenue Bureau and this committee and others are working together in order to try to get the matter cleared up as quickly as possible.

Our coming to San Francisco is not to be taken as a blackening of the name of this great and historic city. My general impression of California has been that many splendid steps have been taken toward improved law enforcement in the whole section, that many things have been done and that California as a State is ahead, in this matter, of many other States and many other sections of the country. While there are some interstate ties in the matter of gambling and other kinds of activity in California with other States of the Union, we do not find as many; and certainly the condition has been greatly improved during the last 2 or 3 years, for reasons that most of you know.

During this hearing it is probably inevitable that the names of some people who will not be called as witnesses will be brought out in the hearing. We are not here to try to punish anyone. We are not a court, we are not a grand jury; we are simply making an inquiry. We ask the witnesses' cooperation. We do not wish to improperly represent any citizen or any person, or to have his or her name smeared. So that when anyone's name is mentioned in this hearing, if he or she feels that it has not been correctly represented or if the truth has not been told about them, or if they have any explanation to make in any way, I hope that they will immediately let me or some members of the staff know, and we shall give them an opportunity within this same hearing time, as the other person who made the statement, to make any explanation or denial that they wish. They need have no hesitancy or embarrassment about letting us know that they wish to be heard.

We have one or two witnesses on whom we have had some difficulty getting service or getting word for them to be here. One is "Bones" Remmer.

Is he present; does anyone know? [No response.]

A subpoena was served on Mr. Remmer, and then he was to be notified later of the time to appear, and we have been unable to find him since that time.

Another witness from whom we should like to hear while we are in San Francisco is George May. His home is in Chicago but he has a business here. We have been very anxious to talk with him for the past 5 or 6 weeks.

Before we start the hearing, I want to express the committee's appreciation to Chief Gaffey and to the police department of the city of San Francisco for letting us have, by way of loan, Inspectors Frank Ahern and Tom Cahill. They impressed us most favorably when we were here as having a great deal of information about interstate ties, particularly the so-called Mafia. Since that time they have been putting together across the Nation information and facts which I think will be not only of great use to the department here in San Francisco but certainly to our committee and to other police departments throughout the Nation. I just talked with Chief Gaffey and expressed our thanks to him. We do hope that he will let us keep them until March 31, when our committee goes out of existence.

We are glad that the proceedings here will be brought to the people of this section by these splendid radio and television stations, but we shall have to ask that the lights be kept indirect so as not to be obstructive and of bother to witnesses.

Also I should like, if possible, for the gentlemen of the press photographers to try to get their pictures shortly after a witness starts, without interrupting him too often during the course of his testimony.

On my left is our associate counsel, Downey Rice, who will handle most of the questioning.

Until very recently, Harold Robinson was chief of the investigative staff of the Senate Committee To Investigate Organized Crime. He came to us from the California Crime Commission. He is now deputy director of the office of the attorney general. When we let him go and he went with Attorney General Brown, it was on the understanding that he would be available to help us wind up our hearings in St. Louis, Los Angeles, and San Francisco because of his great familiarity with conditions in these places and the fact that he had handled the original investigation and the original inquiry. We are very grateful to Mr. Robinson, and I want to say that I consider him one of the most excellent men in his line of business in the country today.

On my right is Mr. Herbert Van Brunt, from Los Angeles, who has had many years with the FBI in years past. He is a splendid investigator. He has had immediate charge of the investigation in California and has done a very good job.

We have with us also Mr. Bill Amis, who is a specialist on internal revenue matters; George Butler, on loan from the Dallas police force.

For the limited purpose of securing certain records so that we may go over them, I should like to call Mr. Samish at this time.

Before we start, let me say that the resolution 202 will be read into the record at this point. Also there will be read into the record a resolution of the committee authorizing the committee to hold hearings at San Francisco and Los Angeles, with a committee of one, the chairman to designate the member to hold the hearing. The chairman hereby designates himself as a committee of one to hold this hearing here today. It is likely that during the day or tomorrow Senator Wiley will be present. He and Senator Hunt and Senator Tobey have expressed a desire to be here. So we hope that some of them will come.

(S. Res. 202, and the resolution of the committee authorizing the holding of hearings in the San Francisco-Los Angeles, Calif., area by a subcommittee of one or more Senators, are as follows:)

[S. Res. 202, 81st Cong., 2d sess.]

#### RESOLUTION

*Resolved*, That a special committee composed of five members, two of whom shall be members of the minority party, to be appointed by the President of the Senate from the Committee on Interstate and Foreign Commerce of the Senate and the Committee on the Judiciary of the Senate, is authorized and directed to make a full and complete study and investigation of whether organized crime utilizes the facilities of interstate commerce or otherwise operates in interstate commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations by which such utilization is being made, what facilities are being used, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of law of the United States or of the laws of any State:

*Provided, however,* That nothing contained herein shall (1) authorize the recommendation of any change in the laws of the several States relative to gambling, (2) effect any change in the laws of any State relative to gambling, or (3) effect any possible interference with the rights of the several States to prohibit, legalize, or in any way regulate gambling within their borders. For the purposes of this resolution, the term "State" includes the District of Columbia or any Territory or possession of the United States.

SEC. 2. The committee shall select a chairman from among its members. Vacancies in the membership of the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. A majority of the members of the committee, or any subcommittee thereof, shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the committee, shall constitute a quorum for the purpose of taking sworn testimony.

SEC. 3. The committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times during the sessions, recesses, and adjourned periods of the Senate, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words.

SEC. 4. The committee shall have power to employ and fix the compensation of such officers, experts, and employees as it deems necessary in the performance of its duties, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949 for comparable duties. The committee is authorized to utilize the services, information, facilities, and personnel of the various departments and agencies of the Government to the extent that such services, information, facilities, and personnel, in the opinion of the heads of such departments and agencies, can be furnished without undue interference with the performance of the work and duties of such departments and agencies.

SEC. 5. The expenses of the committee, which shall not exceed \$150,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SEC. 6. The committee shall report to the Senate not later than February 28, 1951, the results of its study and investigation, together with such recommendations as to necessary legislation as it may deem advisable. All authority conferred by this resolution shall terminate on March 31, 1951.

#### SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE

(February 9, 1951)

*Resolved,* That the chairman of the committee be, and hereby is, authorized at his discretion to appoint one or more subcommittees of one or more Senators, of whom one member shall be a quorum for the purposes of taking testimony and all other committee acts, to hold hearings at such time and places as the chairman might designate, in furtherance of the committee's investigation of organized crime, in the San Francisco-Los Angeles, Calif., area.

The CHAIRMAN. We will call Mr. Samish.

Mr. Samish, will you come around.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SAMISH. I do.

#### TESTIMONY OF ARTHUR H. SAMISH, OF ARTHUR H. SAMISH & ASSOCIATES, SAN FRANCISCO, CALIF.

The CHAIRMAN. Mr. Samish, we are asking you to appear now in response to the subpoena to bring certain books and records which



you have. I think Mr. Amis has been over the matter with you, or with someone in your office, about certain books and records.

Mr. SAMISH. I have the records here.

The CHAIRMAN. Will you bring the records and let's see what you have.

All right, fellows [to the press photographers]. Let's get our pictures made now and get them over with.

Mr. Samish—first, you are Arthur H. Samish, Kohl Building, San Francisco. Is that your address?

Mr. SAMISH. Yes, sir.

The CHAIRMAN. All right, sir. Do you want to ask him about the records?

Mr. RICE. Without taking them out——

Mr. SAMISH. No. Wait. Excuse me.

The CHAIRMAN. Mr. Samish, suppose you just tell us generally what you have here, and then what we would like to do would be after that to have Mr. Amis go over and examine certain of the records with you or with your bookkeeper or auditor. That will be all right?

Mr. SAMISH. Yes; sure. I have here, Senator, in accordance with your request, ledgers covering my operations from 1940 up to and including 1949. The ledgers are right here, which I turn over to you.

The CHAIRMAN. Now, let's see. Covering, you say, your "operations." To what operations do you refer?

Mr. SAMISH. These will cover receipts, disbursements.

The CHAIRMAN. This is Mr. Amis, Mr. Samish, and he is formerly with the Internal Revenue Department and a very splendid auditor.

Mr. SAMISH. Hello, Mr. Amis. These records here, Mr. Amis, will cover everything I think you want for the last 10 years.

The CHAIRMAN. They represent what you have taken in and disbursed. Is that it?

Mr. SAMISH. Yes. Everything. Everything complete for the last 10 years.

The CHAIRMAN. What you spent the money for?

Mr. SAMISH. My receipts; my disbursements; what we spent the money for; bank deposits and everything else.

In addition to that, Senator, I hand Mr. Amis herewith photostatic copies of my income-tax returns for the last 10 years, full and complete.

The CHAIRMAN. That is your personal income?

Mr. SAMISH. My personal income tax. In addition to that, Senator——

The CHAIRMAN. Why don't you have a seat, sir.

Mr. SAMISH. If I could just finish this, if I may.

The CHAIRMAN. All right.

Mr. SAMISH. In addition to that, Mr. Amis, here is the famous contract of 1935, which is not covered in the subpoena that you gave me for the last 10 years, but I hand you the contract of 1935.

Mr. AMIS. I had difficulty finding it.

Mr. SAMISH. That's right. This is self-explanatory, and I think you will find it the most interesting document you want.

The CHAIRMAN. What is that contract, Mr. Samish?

Mr. SAMISH. That is "the" contract of 1935 between the California State Brewers Institute and Arthur H. Samish. This is the contract,



I believe, upon which the premise for your further investigation may be necessary.

Mr. AMIS. I might say that this contract has been renewed each year in the minutes.

The CHAIRMAN. In what?

Mr. AMIS. Has been renewed each year.

The CHAIRMAN. Is that the situation?

Mr. SAMISH. Yes. Nobody has ever seen that contract, but I hand it to you, Mr. Amis. I know you want it.

The CHAIRMAN. You mean this is the first time that everybody gets to see it?

Mr. SAMISH. This is the first time. I ask you to keep it to yourself. I know a lot of people want to see it, Senator.

The CHAIRMAN. Just a minute, Mr. Samish. You ask us to keep it to ourselves. This is an open hearing. I don't want to get my fingers on something here that is going to have to be confidential.

Mr. SAMISH. Then let me put it this way: As far as I am concerned, you have permission to do anything you want.

The CHAIRMAN. All right. That's fine.

Now, what else have you got, Mr. Samish?

Mr. SAMISH. I think that is all.

Mr. AMIS. Do you have—

Mr. SAMISH. I have our tax consultant here. He will be delighted to go over and help you and give you anything additional.

Mr. AMIS. Do these records cover the receipts and expenditures of the brewers institute?

Mr. SAMISH. No. These are my own personal records; whatever I received from the brewers institute. After you read this contract, then you may want to ask me that question again. Whatever I receive personally from the State brewers institute is included in these records.

Mr. AMIS. Do you keep any records of the brewers institute?

Mr. SAMISH. No; I don't.

Mr. RICE. I think the answer is that the funds that come into his hands from the brewers institute he accounts for in there.

Is that correct?

Mr. SAMISH. No. No. Let me explain that so that you may know at the outset. I have a contract with the brewers in which I receive \$30,000 a year—Samish. That \$30,000 a year which I receive personally are in these records.

The CHAIRMAN. How about the money that the brewers themselves have that you may direct what they do with? Do you have any records for anything of that sort?

Mr. SAMISH. No; I don't have any records on that.

Mr. RICE. It goes back to that special account. Between the two, I think we have it.

Mr. SAMISH. I think you have it.

The CHAIRMAN. There are some other matters, are there not? Southern California Distilled Spirits Institute. Or what is the name of that?

Mr. SAMISH. Southern California Spirits Foundation.

The CHAIRMAN. Spirits Foundation?

Mr. SAMISH. Yes.

The CHAIRMAN. Aren't you secretary—

Mr. SAMISH. No.

The CHAIRMAN. Or an officer of it?

Mr. SAMISH. No, sir.

The CHAIRMAN. You have something to do with it as attorney.

Mr. SAMISH. No, no, no. My position in the beverage industry in California is more or less over-all. It's directing policy. But I am not employed direct.

The CHAIRMAN. What salary if any do you receive from the Southern California Spirits Foundation?

Mr. SAMISH. That's all incorporated in those records, Senator. None at all.

The CHAIRMAN. How about the motor-vehicle association?

Mr. SAMISH. Motor Carriers Association?

The CHAIRMAN. Motor Carriers Association.

Mr. SAMISH. That is included in those records.

The CHAIRMAN. But you are secretary of the Motor Carriers Association?

Mr. SAMISH. Secretary-manager of the Motor Carriers Association for, oh, over 25 years.

The CHAIRMAN. If there are any parts of the records of the Motor Carriers Association that we would like to have, we would like to have Mr. Amis examine them in the office of the association. May we have your permission to do so?

Mr. SAMISH. You have my permission, Senator, and you will get my fullest cooperation——

The CHAIRMAN. We appreciate that.

Mr. SAMISH. On that or on any other matters that you may be concerned about.

The CHAIRMAN. What other associations of that kind do you represent, Mr. Samish?

Mr. SAMISH. Well, let's see. Do you want to go into that at this time, Senator?

The CHAIRMAN. I just wanted to get a list of them. I don't want to go into details about them.

Mr. SAMISH. Well, I only represent the Motor Carriers Association of California——

The CHAIRMAN. We have generally the list, I think, of most of your clients.

Mr. SAMISH. I think so.

The CHAIRMAN. Here is the California State Brewers' Association. That is what you are talking about. That is the one the contract is with; is that correct?

Mr. SAMISH. Yes.

The CHAIRMAN. And the Motor Carriers Association is another one. Now, do you represent this Southern California Distilled Spirits Institute, or whatever it is?

Mr. SAMISH. No. I help direct policy on that and I guess quite a few other organizations. But I don't represent them directly and I receive no compensation.

The CHAIRMAN. I see. Then of course Philip Morris is a private client; Schenley, Yellow Cab, Simons' Restaurant. What other associations do you represent, if any, Mr. Samish?

Mr. SAMISH. Well, I would like to go over that, if you will permit me.

The CHAIRMAN. I don't want to go into the details.

Mr. SAMISH. To the best of my recollection—may I have—let me have my 1949 returns. I will give it to you. Be glad to. Have you got copies here?

The CHAIRMAN. Well, you take yours.

Mr. SAMISH. In 1949 I represented the California State Brewers' Institute. I represented the California State Brewers' Institutes—

The CHAIRMAN. Yes.

Mr. SAMISH. Schenley Industries, New York.

The CHAIRMAN. Now, there isn't any Schenley association out here, is there? That is just a direct representation of the New York office?

Mr. SAMISH. That's right. The same with Philip Morris.

The CHAIRMAN. Yes.

Mr. SAMISH. Motor Carriers Association of California.

The CHAIRMAN. Yes. Now, how about, oh, this California Orange Association? Or what is that?

Mr. SAMISH. That's about 10 years or so ago I got a special representation. Very small. It doesn't mean anything.

The CHAIRMAN. That was a special representation?

Mr. SAMISH. I will be glad to go into that later.

The CHAIRMAN. What I mean is, you do not represent them at this time?

Mr. SAMISH. No. Not for years and years.

The CHAIRMAN. At this time, while you are still here, you have a law firm with associates in your office, or is it a partnership? What is the situation, Mr. Samish?

Mr. SAMISH. No. In this connection, Senator, I, as an individual, act. We have a small office called "Arthur H. Samish and Associates," and that consists mostly of Mr. Rieden and some stenographic help or something of that sort. It is very small.

The CHAIRMAN. What is Mr. Rieden's first name?

Mr. SAMISH. James Rieden. R-i-e-d-e-n.

The CHAIRMAN. And he is an attorney?

Mr. SAMISH. He is a newspaperman formerly and public relations consultant today.

The CHAIRMAN. Do you have any attorneys that you are associated with?

Mr. SAMISH. Oh, yes.

The CHAIRMAN. I mean, do you have a firm of attorneys?

Mr. SAMISH. Our records will disclose that, Senator, as you get into them. Mr. Amis, I am sure, will be able to come back with them.

The CHAIRMAN. All right. We will ask Mr. Amis to go over them as quickly as possible with your auditor and you.

Mr. SAMISH. Fine.

The CHAIRMAN. And will you be available on an hour's notice this afternoon or tomorrow?

Mr. SAMISH. I will be available at any time of the day or night you may want me, Mr. Senator.

The CHAIRMAN. All right. Thank you, Mr. Samish.

Mr. SAMISH. Thank you, sir.

The CHAIRMAN. Are any attorneys here representing clients who would be inconvenienced? I want to accommodate attorneys as much as possible.

(No response.)

Mr. RICE. James H. Hamilton.

The CHAIRMAN. Is Mr. Hamilton here?

Come around, Mr. Hamilton.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAMILTON. I do.

The CHAIRMAN. All right, gentlemen. Mr. Rice.

### TESTIMONY OF JAMES G. HAMILTON, SECRETARY, CALIFORNIA STATE BREWERS' INSTITUTE, SAN FRANCISCO, CALIF.

Mr. RICE. Your name is James H. Hamilton?

Mr. HAMILTON. No. It is James G. Hamilton.

Mr. RICE. James G. And where do you live, Mr. Hamilton?

Mr. HAMILTON. 2210 Jackson Street, San Francisco.

Mr. RICE. And you are connected with the California State Brewers' Institute?

Mr. HAMILTON. Yes; I am.

Mr. RICE. And what is your arrangement there? What is your position?

Mr. HAMILTON. I am the secretary.

Mr. RICE. You are the secretary. Now, sir, we understand your position with the institute. Would you be kind enough to explain the purposes and the functions of the institute briefly; how it was formed and whom it represents?

Mr. HAMILTON. The institute was formed I believe in 1933. It is a trade association of brewing companies in production in California. The articles of incorporation are on file in Sacramento. A copy has been delivered to your investigators. And the purposes of the institute and its functions are set forth in those articles of incorporation.

Mr. RICE. Yes, sir.

The CHAIRMAN. Let's get the articles of incorporation in the record.

Mr. RICE. It is a nonprofit organization; is that correct?

Mr. HAMILTON. It is, yes. It is a trade association.

Mr. RICE. We will offer a photostatic copy of the articles of incorporation.

Will you identify it?

Mr. HAMILTON. Yes; it is.

The CHAIRMAN. That will be made exhibit No. 40 for the record.

(Photostatic copy of articles of incorporation of the California State Brewers' Association was received in evidence, marked "Exhibit No. 40," and is on file with the committee.)

Mr. RICE. Now, sir, how many brewers are there who are members of the association?

Mr. HAMILTON. There are as of now, there are 11 brewing companies.

Mr. RICE. There are 11. And how many are there in the State altogether?



Mr. HAMILTON. Fourteen, I believe.

Mr. RICE. And the association is then confined to brewers within the State. No out-of-State organizations are represented in the association?

Mr. HAMILTON. No. They are strictly brewing companies in production in California.

Mr. RICE. All right, sir. You said it is a nonprofit organization?

Mr. HAMILTON. Yes.

Mr. RICE. In other words, no member or interested party is to derive any financial benefit directly from the institute; is that correct?

Mr. HAMILTON. Well, only those who are employed on a salary basis; yes, sir.

Mr. RICE. Yes. But no member of the association derives any financial benefit. They pay money in; they take nothing back?

Mr. HAMILTON. No. No member derives any benefits, that is true. Financial benefit.

Mr. RICE. All right, sir. What are the arrangements as to dues, contributions, from the members to the institute?

Mr. HAMILTON. The dues are established by the board of directors and on a barrelage basis.

Mr. RICE. On a what basis?

Mr. HAMILTON. Barrelage basis.

Mr. RICE. Barrelage. Production of beer?

Mr. HAMILTON. Yes. Barrelage-production basis. And are collected by the institute, and the funds are in the custody of myself as secretary, and the funds are disbursed at the order of the directors of the institute.

Mr. RICE. Yes, sir. Now, when you say on a barrelage basis, so much is contributed to the association for each barrel of beer produced; is that right?

Mr. HAMILTON. Produced and sold in California.

Mr. RICE. Produced and sold?

Mr. HAMILTON. Yes.

Mr. RICE. Now, what is that figure, Mr. Hamilton?

Mr. HAMILTON. Well, you mean as a total per year?

Mr. RICE. No. Per-barrel basis.

Mr. HAMILTON. Oh. At the present time the dues are 3 cents a barrel for a brewery of 50,000 barrels a year or less production;  $3\frac{1}{2}$  cents per barrel for production between 50,000 and 100,000; and 4 cents a barrel for production over a hundred thousand barrels a year.

Mr. RICE. Now, isn't there also another contribution per barrel in addition to the  $3\frac{1}{2}$  or 4 cents?

Mr. HAMILTON. There is money collected in a contract between Arthur H. Samish and individual brewing companies. The contract, I am informed, was executed in 1935 and has been renewed periodically since that time.

Mr. RICE. Yes, sir. Now, I take it that is the contract about which Mr. Samish spoke this morning.

Mr. HAMILTON. I imagine it must be. That is the only one that I know of that has been referred to as the 1935 contract.

Mr. RICE. Now, that is an additional levy of how much per barrel for that contract?

Mr. HAMILTON. Well, under the terms of that contract, I have been informed that 5 cents a barrel is paid into the fund by those brewing companies who have signed the contract.

Mr. RICE. So that we have a picture now of either  $3\frac{1}{2}$  or 4 cents per barrel into one fund and another 5 cents per barrel into a second fund; is that correct?

Mr. HAMILTON. That's correct.

Mr. RICE. All right, sir. Now, if you know—you are not a brewer yourself?

Mr. HAMILTON. No.

Mr. RICE. Do you know what the practice is as to tax deductions with respect to either the 5 cents per barrel or the 4 cents per barrel?

Mr. HAMILTON. Yes. Insofar as the dues of the institute are concerned, they are deductible as a business expense.

Mr. RICE. Now, that is the 4 cents?

Mr. HAMILTON. That is the 4 cents a barrel.

Mr. RICE. So that if a brewer pays 4 cents per barrel into the association, he deducts that 4 cents per barrel as a business expense?

Mr. HAMILTON. It is charged up as a business expense.

Mr. RICE. Is that correct?

Mr. HAMILTON. Yes; that is correct. Now as to the funds collected under the 1935 contract of Mr. Samish, I have been informed over a period of years that 50 percent of that amount paid in is deducted as a business expense and 50 percent is not deducted as a business expense.

Mr. RICE. So that on the 5 cents per barrel, half of it is charged off as an expense and half is not?

Mr. HAMILTON. Yes, sir.

Mr. RICE. Can you tell us the reason behind that, if you know. You are on the stand now.

Mr. HAMILTON. My understanding of it is that the funds that might be collected for so-called political purposes are not deductible as a cost of doing business but that funds that are collected to establish good will or protect the industry or to bring about harmony within the industry, and so forth, are deductible as a business expense.

Mr. RICE. Now, then, do you know how the 50-50 ratio was arrived at?

Mr. HAMILTON. I don't know how it was arrived at. No, sir; I don't know.

Mr. RICE. Did they just take an arbitrary figure and say 50 percent was for political purposes and 50 percent was for the benefit of the industry?

Mr. HAMILTON. Well, I have heard that that had been determined between the Treasury Department and whoever handled the funds.

Mr. RICE. Yes, sir. Now, when you say "political purposes," what is your understanding of that?—the 50 percent that is not deductible?

Mr. HAMILTON. As to what "political purposes" would be?

Mr. RICE. Yes.

Mr. HAMILTON. I frankly don't know.

Mr. RICE. Well, let's see if we can throw any light on it here. In your articles of incorporation, referring to paragraph (d), I think it covers and pretty well defines the purposes:

To educate and elevate the minds of men—

this is the institute's incorporation arrangement—

particularly in the industry engaged in the manufacture of beer, to the proper conception of safe and sane methods of doing business; to increase the recognized value and efficiency of public service by united and friendly cooperation; to encourage civic enterprise with a view of attaining maximum benefits to all concerned as citizens of the United States of America.

**Paragraph (e) :**

To observe and obey the laws of the States and Nation. Also to promulgate and encourage the enactment of such laws, city, county, State, and national, as now or hereafter may become necessary for the reasonable protection of commerce in its various phases, with due consideration always to the best public interests, and to oppose any contemplated legislation to the contrary.

Now, I take it, this is the 4 cents per barrel that is going for these purposes, and that is deducted as an expense?

Mr. HAMILTON. Yes.

Mr. RICE. And I would say that there is a quasi, at least, political motive in that "purpose" clause in there.

Mr. HAMILTON. That is not the political motive at all that I would have in mind. I don't believe that that is a political motive.

Mr. RICE. Yes, sir. I see what we are getting at.

Mr. HAMILTON. What I am trying to get at is this, sir: If that is determined to be a political motive, it is a legitimate political motive—

Mr. RICE. Quite right.

Mr. HAMILTON. Which is approved by the Treasury Department as a proper cost of doing business.

Mr. RICE. Yes, sir. Now, that leaves us with 50 percent of the 5 cents which is the "purposes" not approved by the Bureau of Internal Revenue.

Mr. HAMILTON. Well, I don't know whether it has or whether it hasn't.

Mr. RICE. What is your understanding?

Mr. HAMILTON. My understanding is that any funds that are used for political purposes are not deducted as a business expense. Now, as to what "political purposes" constitutes, I don't think I am qualified to answer that other than to say that the political purposes, if any, that are set forth in the articles of incorporation are a legitimate political expense.

Mr. RICE. Yes, sir. All right, sir. I think we will get that when we get into the books a little bit.

Now, in connection with the arrangements of the institute itself, the 4 cents per barrel, with the Internal Revenue, you have received an opinion from the Bureau of Internal Revenue that being a non-profit organization, you merely have to account yearly for your income and not your expense. Is that not correct?

Mr. HAMILTON. No.

Mr. RICE. That Form 990 arrangement.

Mr. HAMILTON. Under the Form 990 arrangement we report both income and expense.

Mr. RICE. Is that so?

Mr. HAMILTON. Yes, sir.

Mr. RICE. And in detail?

Mr. HAMILTON. Well, in sufficient detail to identify it by brewing companies that pay in and also by general titles of ledger accounts.



Mr. RICE. All right, sir. Do we have copies of the tax returns on the institute? I mean, copies of one of your 990's.

Mr. HAMILTON. I don't think it was asked for.

Mr. RICE. I am sorry. I think we probably analyzed that and took just the income arrangement off it.

Mr. HAMILTON. I showed the forms to Mr. Amis. I am sure that he didn't ask for one of our copies.

Mr. RICE. All right. The 4 cents per barrel goes into one bank account, does it not?

Mr. HAMILTON. Yes; it does.

Mr. RICE. And what is the name of that bank account and who are the persons who are authorized to draw checks upon that account?

Mr. HAMILTON. We are speaking of the 4 cents dues?

Mr. RICE. The 4 cents; yes, sir.

Mr. HAMILTON. That is banked in the Bank of America, at the main office on Montgomery Street in San Francisco; and the funds are withdrawn on the signatures of myself, Karl F. Schuster, the president of the institute—

Mr. RICE. Yes, sir.

Mr. HAMILTON. And Joseph Goldie, the treasurer.

Mr. RICE. Yes, sir. Now then—

Mr. HAMILTON. That is, any two of those three signatures.

Mr. RICE. So that in normal practice you would pass upon most of the checks that are drawn on that account?

Mr. HAMILTON. My signature is on every one.

Mr. RICE. I have here part of the analysis of the account, and I will take a few representative figures. I notice in the year 1948, on your 990, that the contribution on the 4-cent level of Acme Breweries was \$28,773.07; that the General Brewing Corp. was \$27,095.98; Regal-Amber Brewing and San Francisco Brewing are approximately \$17,000. There is a total of \$124,162.30 for 1948 in this particular account, and in 1949, \$118,797.84. In that connection, in 1948 there is one expense item set forth under the heading "Industrial advertising and publicity; special program for space, time, and production costs for printing newspapers and radio against local-option propaganda, \$25,000." What would that expenditure be for, in lay language?

Mr. HAMILTON. There was a local-option referendum on the ballot in the State at that time. The money was paid to the Biow Advertising Co., who purchased the advertising space and purchased the copy that was used.

Mr. RICE. That was paid to an advertising agency?

Mr. HAMILTON. Yes, sir.

Mr. RICE. And was the institute opposing the program?

Mr. HAMILTON. We were opposing the local-option election; yes.

Mr. RICE. There is an item in the same year of \$10,030.03 for "California beer publicity, speaking before clubs and organizations throughout the State." What is that in general?

Mr. HAMILTON. We employed institute representatives to talk before luncheon clubs, labor unions, other groups and organizations on the brewing industry in California, its position in the economy of the State, and the fact that production facilities of breweries in California were equal to if not better than production facilities of breweries in other parts of the United States, and that the brewery products that



were produced in California were equal to the brewery products produced anywhere else in the United States.

Mr. RICE. All right, sir. Then to sum up a little bit. I also have a figure here of \$9,457 in that year for "Labor relations expense, legal fee, travel expense of secretary, meetings, and so forth." I think that is self-explanatory. But in any event we have nearly \$50,000 a year in connection with these activities, which money came from the fund taken at 4 cents per barrel, for which the brewer who contributes that pays no tax, he deducts that as an expense, and the institute itself pays no tax because it is a nonprofit organization. Is that a fair statement?

Mr. HAMILTON. It's a statement of fact, except that it does not explain that it is the usual situation in regard to all collections from any other industry of a similar character.

Mr. RICE. Yes, sir. We make no issue of that. We are merely inquiring as to the facts, which will speak for themselves, of course. But we do have that situation prevailing?

Mr. HAMILTON. Legally prevailing. Yes, sir.

Mr. RICE. Yes. Now then, in addition to that, there is another account: The special account. Tell us about the arrangements on that. That's the one where the 5 cents per barrel is contributed.

Mr. HAMILTON. At such time as we receive the barrelage figures as released by the State board of equalization on the production of brewing companies who are contributing to that fund under their contract—

Mr. RICE. This is the contract with Samish?

Mr. HAMILTON. That's correct. [Continuing:] We send them an invoice—

Mr. RICE. Well, perhaps we can get along a little quicker if I state it this way: There is a special account set up for that contribution of 5 cents per barrel?

Mr. HAMILTON. That's right.

Mr. RICE. And where is that account located?

Mr. HAMILTON. At the Crocker First National Bank.

Mr. RICE. At the Crocker First National Bank?

Mr. HAMILTON. Yes.

Mr. RICE. And who are the authorized persons to draw on that account?

Mr. HAMILTON. Mr. Karl F. Schuster—

Mr. RICE. And he is the president of the Institute?

Mr. HAMILTON. He is the president of the Institute. Mr. William P. Baker—

Mr. RICE. And Mr. Baker is a brewer?

Mr. HAMILTON. He is a brewer; yes.

Mr. RICE. He is a member?

Mr. HAMILTON. He is a member. [Continuing:] And Mr. Joseph Goldie.

Mr. RICE. And Mr. Goldie is a member? Member brewer?

Mr. HAMILTON. Well, he represents the Rainier Brewing Co.

Mr. RICE. Yes.

Mr. HAMILTON. And he is the treasurer of the Institute. Yes; he is a member.

Mr. RICE. And Mr. Baker represents the Regal?

Mr. HAMILTON. That's correct.

Mr. RICE. All right. So that these three gentlemen are authorized to draw the checks on that account?

Mr. HAMILTON. Yes.

Mr. RICE. And at whose direction do they draw the check?

Mr. HAMILTON. The checks are drawn at the request of either Mr. Samish or his representatives in his office.

Mr. RICE. So that Mr. Samish directs these three gentlemen to draw the checks. And to whom? Would you say that he is in complete control of that account?

The CHAIRMAN. For practical purposes?

Mr. HAMILTON. For practical purposes; yes.

Mr. RICE. All right, sir.

The CHAIRMAN. Does he make out the checks actually and send them over for them to sign?

Mr. HAMILTON. No. His office phones the young man, the accountant I have in my office, to make out certain checks and take them to the three gentlemen whose signatures are required for signature.

Mr. RICE. Yes, sir. Now, who keeps the books and records as to that account?

Mr. HAMILTON. I don't know.

Mr. RICE. You don't know?

Mr. HAMILTON. No.

Mr. RICE. Well, now, don't you in fact know? Don't you really know?

Mr. HAMILTON. No; I don't know.

Mr. RICE. Does Samish keep them?

Mr. HAMILTON. I don't know. All we do is deposit the money in the bank; and when the bank statements are returned with the cancelled checks, a running memorandum is kept of checks outstanding. The statement is verified—the bank statement—and the cancelled checks are sent to Mr. Samish's office.

Mr. RICE. I think our information is to the effect, and if my understanding of Mr. Samish's statement this morning is correct, that he is accountable for those expenditures and has records relating thereto.

Mr. HAMILTON. I wouldn't know.

Mr. RICE. You wouldn't know about that?

[Mr. Hamilton shaking head negatively.]

Mr. RICE. All right, sir.

The CHAIRMAN. Let's get this straight now so that it is clear. On this account, Mr. Samish or his office will call up or send a memorandum over about whom he wants a check made to, and the check will be issued at his direction; and then when the checks come back, everything is sent over to him for the keeping of the account. Is that correct?

Mr. HAMILTON. Well, they are just sent over to him.

The CHAIRMAN. I mean, for whatever purpose he is going to do with them.

Mr. HAMILTON. That is correct.

The CHAIRMAN. Where are the canceled checks?

Mr. HAMILTON. They are sent over together with the bank statement.

The CHAIRMAN. Do you know whether you have them or whether he has them?

Mr. HAMILTON. I haven't them. We haven't them.

The CHAIRMAN. So that actually about the only thing that you have to do with that account is to collect money, 5 cents a barrel; deposit it in the bank; and then one of these three gentlemen, or two of these three gentlemen, can sign a check; and then the checks are delivered or sent wherever Mr. Samish says; and then when the canceled checks come back they are delivered to him. Is that correct?

Mr. HAMILTON. Yes. We act merely as—the institute acts merely as an agent in the collection and deposit of the funds.

The CHAIRMAN. All right, sir. That's clear.

Mr. RICE. Now, then, we have a few figures here relating to that account in the Crocker Bank. To recapitulate, it shows that for the past 6 years the total deposits made to this account aggregate \$935,943.19. I appreciate that your testimony has indicated that you do not control the account and have no understanding about it. But I think at this point it might be interesting to note that in 1948, which was the year that the institute had withdrawals of \$25,000, \$10,000, and \$9,000 for certain purposes in that same year from this account in April alone there were withdrawals of \$25,000, in round figures, and \$5,000; in May there were two withdrawals of \$10,000 each; and in June, one of \$10,000 and one of \$5,000. We again have \$70,000 withdrawn within a space of 3 months, in addition to about \$40,000 withdrawn from the institute account. Would you know the reason for those large disbursements during that particular period?

Mr. HAMILTON. No. But I would imagine it could have had something to do with the local option election. I am merely guessing. I mean, the fact that that was the year that the institute paid \$25,000 is an indication that that was the year that the local option election was in progress, and I think it could very well be expenditures in relation to that election. But I have no knowledge that it was at all.

Mr. RICE. And to recapitulate again. These expenditures come from an account, 50 percent of which is deductible to the contributing brewer as an expense and 50 percent is not?

Mr. HAMILTON. That's right.

Mr. RICE. Now then, with respect to the actual purposes of the withdrawing of checks, we will have to talk to someone else?

Mr. HAMILTON. That's right.

The CHAIRMAN. I notice here in May of 1949 there seems to have been \$46,000 withdrawn. What special thing took place then, do you know?

Mr. HAMILTON. From which account do you refer, Senator?

The CHAIRMAN. From this Crocker Bank account.

Mr. HAMILTON. Oh, I don't know anything about that.

The CHAIRMAN. I believe these deposits and withdrawals were made up by Mr. Amis from the records.

Mr. AMIS. Bank records.

The CHAIRMAN. From the bank records. Is that correct?

Mr. AMIS. Yes.

The CHAIRMAN. Mr. Rice, I think you might for identification put those in the record at this point. Mr. Amis took them from the bank account.

Mr. RICE. I will identify these as a transcript of the ledger sheets from that account, and it will be exhibit No. 42—the Samish contract being exhibit No. 41.



(Copy of agreement between Arthur H. Samish, California State Brewers Association and certain named individual brewers members of the association, and transcript of ledger sheets of Crocker First National Bank of San Francisco account were received in evidence and marked exhibits Nos. 41 and 42, respectively.)

(Exhibit No. 41 is on file with the committee and exhibit No. 42 appears in the appendix on p. 1225.)

Mr. RICE. Now, sir, from the institute account, the 4-cent account shall we say, there are certain expenditures for the past 10 years which are of some interest. For instance, in the "Donation" account, in the past 10 years there is an aggregate of \$63,040.15. What is meant by the term "donation"?

Mr. HAMILTON. The institute—the members of the institute individually contribute only to the Red Cross and the community chest.

Mr. RICE. And that is individually, within their own entity?

Mr. HAMILTON. Their own company.

Mr. RICE. Their own company; yes.

Mr. HAMILTON. Now, all other solicitations for charitable purposes, purchase of tickets, everything of that nature, are referred to the institute.

Mr. RICE. When you say "purchase of tickets"—

Mr. HAMILTON. Yes. To charitable affairs; for events for which the returns are used for charitable purpose.

Mr. RICE. Yes. Who uses the tickets? Who goes to the affair?

Mr. HAMILTON. Well, we send them to the brewing companies, and I imagine their sales organizations.

Mr. RICE. Anyone you designate?

Mr. HAMILTON. Anyone can go; yes.

Mr. RICE. Mind you, this is tax-free money that is being used which they are deducting; is that right?

Mr. HAMILTON. As a business expense.

Mr. RICE. Yes.

Mr. HAMILTON. And this is for charitable purposes which have been approved, as I understand it, as proper deductions for business expense.

Mr. RICE. All right, sir. Are there any other donations indicated here?

Mr. HAMILTON. Do you mean of a political character?

Mr. RICE. Yes.

Mr. HAMILTON. There is nothing whatsoever in there—donation of a political character or to any political candidate or any political fund.

Mr. RICE. All right, sir. Now, you have a "freight traffic bureau" account of \$49,000 in the last 10 years. What is that?

Mr. HAMILTON. That is a service that we maintain for our members: advising them on freight rates to various shipping points within which they do business. It audits their freight bills and appears before the public utilities commission or the Interstate Commerce Commission insofar as applications for reduction in freight rates or protesting reduction in freight rates.

Mr. RICE. I take it, then, that that would be more in the nature of legal expense or personal services to effect these accomplishments?

Mr. HAMILTON. Well, they are not legal expense, because they are not lawyers. But it is my understanding that you do not have to be



a lawyer to be before the Interstate Commerce Commission or the public utilities.

Mr. RICE. Who actually gets the \$49,000? Who gets that?

Mr. HAMILTON. At the present time that is paid at the rate of \$460 a month to Wigle and Larimore.

Mr. RICE. And are they lawyers?

Mr. HAMILTON. No, sir. They are——

Mr. RICE. Consultants?

Mr. HAMILTON. Freight consultants.

Mr. RICE. All right, sir.

Mr. HAMILTON. Traffic consultants.

Mr. RICE. I do see "political campaign" account, and the \$25,000 figure which was previously mentioned, I take it, refers to the local option proposition?

Mr. HAMILTON. Solely to the local option.

The CHAIRMAN. Well now, on that \$25,000, if you put up your individual money to try to gain a position in a campaign, whether it be for a person or a bond issue or for a constitutional amendment, would you claim a deduction on it?

Mr. HAMILTON. Me personally?

The CHAIRMAN. Yes.

Mr. HAMILTON. Well, I don't contribute to anything. The only thing that I know, sir——

The CHAIRMAN. Well, suppose you did.

Mr. HAMILTON. Is that I would consider it perfectly legal, perfectly proper, to spend any sum of money in opposing legislation that might put me out of business.

The CHAIRMAN. Paying speakers to speak over the State—billboards; radio?

Mr. HAMILTON. Regardless of what manner in which it was legally spent.

The CHAIRMAN. That is the basis on which this \$25,000 and this \$10,000 were spent?

Mr. HAMILTON. The \$10,000 had nothing to do with the local option issue.

The CHAIRMAN. I thought you said the \$10,000 was for speakers who went over the State explaining the merits of the business and in opposition to the local option.

Mr. HAMILTON. No, not in opposition to the local option referendum but to encourage the consumption of California brands of beer and particularly the brands of the institute members.

The CHAIRMAN. Do you spend \$10,000 like that every year?

Mr. HAMILTON. No, sir.

The CHAIRMAN. It seems to have been only spent the year you had the referendum.

Mr. HAMILTON. Well, that had no bearing at all with the referendum. And the only reason the program was abandoned was because we found it was costing too much per person talked to, and if it was determined to continue an expense of that kind, that other media could be used that would be far less expensive per person reached.

The CHAIRMAN. Let's see. That was in 1948? What year was the referendum?

Mr. RICE. That was evidently 1948. It was spent in that year.

Mr. HAMILTON. Well, whatever it shows on the report.

The CHAIRMAN. You did not have expenses of that sort, \$10,000 a year, before, did you?

Mr. HAMILTON. No. And the reason we didn't was because we had not determined to engage in a campaign of that kind: promoting the sale of California beers.

The CHAIRMAN. Mr. Hamilton, you didn't have the year before, any years before.

Mr. HAMILTON. That's right.

The CHAIRMAN. You didn't have it any years afterward. I thought your previous testimony was that while they are talking about the sales of California beer, at least an incidental purpose, if not the primary purpose, was to make what opposition they could to the referendum vote.

Mr. HAMILTON. That wasn't the purpose. But I certainly believe, Senator, if they had an opportunity they would have certainly encouraged any audience to vote against the local option measure.

The CHAIRMAN. In other words, their speech would be indirectly for that purpose, sort of generally an educational background, and then the punch line would be "Vote against the referendum"?

Mr. HAMILTON. That's not true, Senator.

The CHAIRMAN. Do you have any real explanation of why you had no expense like that in the years before and you had none in the years afterward but only during the year of the referendum?

Mr. HAMILTON. Yes, I can explain that thoroughly.

The CHAIRMAN. Yes, sir. All right. Will you do so.

Mr. HAMILTON. In, I believe, 1947 the percentage of imported beers sold in California I think amounted to around 23 or 24 percent of total sales in the State. Prior to the war, say prior to 1940, the percentage of imported beer sold in the State averaged around 14 percent.

The CHAIRMAN. What is that first percentage?

Mr. HAMILTON. About 24 percent.

The CHAIRMAN. Yes, sir.

Mr. HAMILTON. Some of the brewers members of the institute were somewhat concerned with that large percentage of sale of imported beers and thought that something should be done to encourage the sale of California brands. We consulted advertising agencies and had programs offered to us, the estimated cost of which would have been probably a hundred to a hundred and fifty or a hundred and seventy thousand dollars a year. The majority of the members of the institute felt that any program of that kind if initiated should be a continuing program over a period of at least 4 or 5 years and didn't believe that the expenditure of that large sum of money per year was justified, and that the economics of the situation would eventually bring the percentage of sale of California brands in California to its normal and proper place.

So they determined that in the year of 1948 they would do something toward encouraging the sale of California brands of beer, and they felt that the expenditure of \$10,000—or it could have been more—on an experimental basis was justified just to see whether or not results could be obtained in that manner.

The CHAIRMAN. Yes, sir. How many speakers did you employ during that time?

Mr. HAMILTON. Well, we had two in southern California. We did very little of it in northern California.

The CHAIRMAN. Who are the two that you had in southern California?

Mr. HAMILTON. A man by the name of Hobart C. Montee was one, and frankly I have forgotten the name of the other. He was in our employ only during the period of time that that type of work was being done. I don't remember.

The CHAIRMAN. Was Mr. Montee just a temporary employee?

Mr. HAMILTON. No. He was employed for that particular purpose.

The CHAIRMAN. He was employed for that particular purpose?

Mr. HAMILTON. Yes.

The CHAIRMAN. Then the other speaker was also employed for just that particular purpose?

Mr. HAMILTON. For that particular purpose; yes.

The CHAIRMAN. Members of the institute, or somebody, would arrange with civic clubs for them to make speeches there, speeches on the radio, before schools, and things of that sort?

Mr. HAMILTON. Before any group that they could obtain an appointment to talk before.

The CHAIRMAN. And it just so happened that there was a referendum on at that time, too?

Mr. HAMILTON. That I can't say.

The CHAIRMAN. Well, anyway that is the fact, is it not?

Mr. HAMILTON. It is a fact. That is certain.

The CHAIRMAN. You don't think they did any harm to the cause of the brewers in connection with the referendum?

Mr. HAMILTON. They certainly didn't to my knowledge.

The CHAIRMAN. If they had, you wouldn't have carried them on very long, would you?

Mr. HAMILTON. I would have corrected the situation.

The CHAIRMAN. Well, that is a frank statement.

Now, how about all of these cards that were printed by the Brewers Association and placed around at bars and different places? How were those placards paid for?

Mr. HAMILTON. I don't know what is referred to.

The CHAIRMAN. Well, cards reading "Vote 'No' on the referendum." I believe the advertising agency put those out. You paid an advertising agency?

Mr. HAMILTON. We paid \$25,000 to the agency. I don't know what they did with it, except I know that there was a large amount of publicity and space bought in newspapers and billboards and other matters. I never did know how it was spent.

The CHAIRMAN. The advertising agency just used its own judgment as to the best way to spend the money to win votes against the referendum?

Mr. HAMILTON. No; I doubt that that is true. I think there was some direction, and I am sure that that direction was Mr. Samish.

The CHAIRMAN. Yes, sir.

Mr. HAMILTON. Because that was primarily one of his—

The CHAIRMAN. Functions?

Mr. HAMILTON. Functions.

The CHAIRMAN. So billboards, radio, cards, placards, and all the usual media of advertisement were used out of that \$25,000; is that correct?

Mr. HAMILTON. I assume that's correct.

The CHAIRMAN. All right. Go ahead, Mr. Rice.

Mr. RICE. All right, sir.

Bringing you down to——

The CHAIRMAN. In the first place let me ask, Has that happened at other times since you have been secretary of the association?

Mr. HAMILTON. Yes. I think we had the same situation—I think it was in 1939. I am not sure. But I know that we did go through with the same type of an election.

The CHAIRMAN. How long have you been secretary of the association?

Mr. HAMILTON. Since 1936.

The CHAIRMAN. Yes, sir. And the same thing happened in 1939, substantially?

Mr. HAMILTON. I think it was in 1939 or 1936. I am not sure when it was.

The CHAIRMAN. How about when somebody files a bill in the legislature that is derogatory to the interests of the brewers? Do you do something about it under the articles of incorporation here with institute money?

Mr. HAMILTON. No. Nothing.

The CHAIRMAN. Nothing?

Mr. HAMILTON. Nothing.

The CHAIRMAN. The arrangement is that matters like that will be handled out of the other fund; is that correct?

Mr. HAMILTON. I imagine that's correct; yes. They are not handled out of the dues fund or any portion of it.

The CHAIRMAN. All right, sir.

Mr. RICE. Coming down to 1951——

The CHAIRMAN. Before we proceed, may I say that the committee is very glad to have Mr. Robert McMillan, assistant United States attorney, with us.

Mr. McMILLAN. Senator, I understood—I was in court—that you are anxious to have Mr. Hennessy, United States attorney, here.

The CHAIRMAN. Oh, no. We are just anxious to have him or any of his aides.

Mr. McMILLAN. That was suggested, so I was very glad to come down. And thank you very much.

The CHAIRMAN. We are very glad to have you here and Mr. Hennessy, whenever he can be with us.

And go ahead, Mr. Rice.

And also, while we have had a little interruption, we certainly are grateful to Mr. Carrigan, the United States marshal, for his assistance and the fact that he has some deputies assigned to help us out. He was very courteous when we were here last. And Mr. Bellmer, the custodian of the building, has gone to a great deal of trouble in making arrangements for our appearance here.

Go ahead, Mr. Rice.

Mr. RICE. I have here a copy of the directors' meeting of February 7, 1951, of the California State Brewers' Institute, which I take it is your annual meeting.



Mr. HAMILTON. Yes.

Mr. RICE. And among other things provided for during that meeting were the budget arrangements for the year. There was a resolution passed:

1. *Resolved* \* \* \*, That Arthur H. Samish be and he is hereby employed as legislative representative of this corporation for the duration of the 1951 session of the California Legislature beginning January 8, 1951, and for 30 days thereafter, \* \* \*

I take it that is after the expiration of the legislature; is that correct?

Mr. HAMILTON. Yes.

Mr. RICE (reading):

at an agreed compensation of \$1,250 per month plus necessary and bona fide expenses in carrying on such work as shall be expended (a) for his personal sustenance, lodging, travel, office expense, and purely clerical assistance \* \* \*

Now, that money is appropriated from the 4-cent account or the tax-free account?

Mr. HAMILTON. It is not.

Mr. RICE. It is not?

Mr. HAMILTON. You haven't fully read the minutes.

Mr. RICE. All right, sir. What is the answer?

Mr. HAMILTON. If you will, I will read them for you.

Mr. RICE. All right, sir.

Mr. HAMILTON (reading):

The directors considered the subject of the compensation of Arthur H. Samish, William Jasper, and E. R. Hoerchner as legislative representatives of the corporation during the current session of the California Legislature and the payment thereof out of the funds contributed under the agreement of September 1, 1935, providing for the establishment of a public-relations fund by the brewery companies contributing.

Mr. RICE. That is then out of the 5-cent account?

Mr. HAMILTON. Yes, sir.

Mr. RICE. Fifty percent of which is tax-free?

Mr. HAMILTON. Yes.

Mr. RICE. All right, sir. Now then, who is William Jasper?

Mr. HAMILTON. He is an employee of Mr. Samish, I guess, or an associate of Mr. Samish.

Mr. RICE. Yes. And his arrangements are—

\$500 per month plus necessary and bona fide expenses in carrying on such work as shall be expended (a) for his personal sustenance and lodging not exceeding \$20 per day and travel, and (b) such other expense as shall be reported to and approved by employer.

I take it the employer is the institute?

Mr. HAMILTON. No; it isn't the institute.

The CHAIRMAN. Mr. Samish.

Mr. HAMILTON. It would be the public relations department, which would be directed by Mr. Samish.

Mr. RICE. That would again be Samish. So whatever is satisfactory to Mr. Samish for Jasper's expenses would be all right with the institute; is that correct?

Mr. HAMILTON. Not with the institute. With the contributing members of the fund.

Mr. RICE. All right, sir. Now then, the same agreement for E. R. Hoerchner.

Mr. HAMILTON. Hoerchner.

Mr. RICE. Is he, again, an employee of Mr. Samish?

Mr. HAMILTON. He is an attorney.

Mr. RICE. He is an attorney. I see. Then——

Mr. HAMILTON. And he is also the general counsel of the institute.

Mr. RICE. I see. And his arrangements are—

\$650 per month plus necessary and bona fide expenses in carrying on such work as shall be expended (a) for his personal sustenance and lodging not exceeding \$20 per day \* \* \*

Is that for meals and lodging not to exceed \$20 or the lodging is not to exceed \$20?

Mr. HAMILTON. I wouldn't know.

Mr. RICE (reading) :

and travel, and (b) such other expenses as shall be reported to and approved by employer.

Who is the employer in this case?

Mr. HAMILTON. The same as the others.

Mr. RICE. That would be Samish, again, then?

Mr. HAMILTON. Working under Mr. Samish's direction; yes, sir.

Mr. RICE. Yes. All right, sir.

The CHAIRMAN. Let us put this copy of the minutes of the board of directors' meeting in the record at this time.

Mr. RICE. All right. We will offer this as exhibit No. 43.

(Copy of minutes of California State Brewers' Institute directors' meetings of January 8, 1951, and February 7, 1951, were received in evidence, marked "Exhibit No. 43," and is on file with the committee.)

The CHAIRMAN. There is one thing that I do not understand about this, Mr. Hamilton. Will you explain it to me. This says "California State Brewers' Institute directors' meeting January 8, 1951." Then it goes on to say who is present and who is absent and who is represented, and then you and Mr. Hoerchner "made a summary report on experience for the (Institute Group Insurance plan)", and so forth, and then you approved certain salaries and then certain other things were done, and then you come down to the matter of paying Mr. Samish and his expenses and also those who were employed by him over in the legislature. Then I take it, sir, that the control of the funds is identical? That is, that you decide policy matters about the two funds at the same directors' meeting. That is, the directors of the California State Brewers Association decide what you are going to do with the 4-cent fund, and as part of the same meeting, as reflected by the minutes of the meeting, are decisions you make as to the 5-cent fund. Is that correct?

Mr. HAMILTON. Well, it just happened at that particular meeting that as a matter of convenience the matter was handled at the one meeting.

The CHAIRMAN. In other words, the people who were there to handle the Brewers' Institute matter were also the people who handled whatever was to be handled by them in connection with the Samish fund; is that correct?

Mr. HAMILTON. The Samish fund, as I understand it, is disbursed at the direction of the directors of the institute, and the directors of the institute have over a period of time designated certain of their number to sign checks on withdrawal.

The CHAIRMAN. Anyway, the right of control of both funds is in the hands of the same people, but for practical purposes the people who can sign checks on the Samish fund sign checks just at the direction of the persons he designates?

Mr. HAMILTON. That is my understanding.

The CHAIRMAN. But the minutes of the directors' meeting, for this purpose at any rate, were the same?

Mr. HAMILTON. That just happened to be a coincidence.

The CHAIRMAN. Do you know if it ever happened before?

Mr. HAMILTON. Very seldom, if ever, other than at the times at which Mr. Samish's contract was renewed at its expiration.

The CHAIRMAN. Well, his contract does not seem to have been renewed here, sir.

Mr. HAMILTON. It was at that meeting of February 7. It was renewed for 3 years.

The CHAIRMAN. This is January 8. Is it renewed in this meeting?

Mr. HAMILTON. January 8, no. It was renewed at the directors' meeting of February 7.

The CHAIRMAN. This January 8 meeting seems to have been a directors' meeting.

Mr. HAMILTON. It was a special meeting of the directors.

The CHAIRMAN. January 8, 1951. The contract was not renewed in this meeting.

Mr. HAMILTON. Not in January; no. It was renewed in February.

The CHAIRMAN. I don't seem to have the February meeting.

Mr. RICE. Yes. It is right here, sir.

The CHAIRMAN. Oh, it is.

Then you had a February meeting in which substantially the same people were there, both including Mr. Samish, in which you also talk about the institute group insurance plan; you renew the contract of Mr. Samish; you have something here about the proposed section 105 of chapter 1, title 4. That is something about the board of equalization; is it not?

Mr. HAMILTON. Yes. It is a rule that has been proposed, and a hearing is to be held on the 8th of March.

The CHAIRMAN. Just so the record will be complete, let us make this February 7 minutes a part of the record too.

But in that you renewed Mr. Samish's contract and then conducted other business too?

Mr. HAMILTON. That's right.

Mr. RICE. Mr. Samish is not a director of the institute?

Mr. HAMILTON. No; he is not. He holds no office in the institute.

Mr. RICE. All right, sir. How long have you been connected with the institute?

Mr. HAMILTON. Since 1934.

Mr. RICE. Since 1934. Now, during that time have there been any labor controversies between the brewer himself, an individual brewer, and his employees? Any of the member brewers?

Mr. HAMILTON. Well, we have—I am speaking of the industry in California.

Mr. RICE. Yes.



Mr. HAMILTON. Since 1934 we have been embroiled in the middle of a jurisdictional dispute between unions. From 1934 to 1946 jurisdiction over the beer drivers was claimed by the teamsters union.

Mr. RICE. Yes. Without going into that in too much detail, we take it that you have had some disputes?

Mr. HAMILTON. We have had a very serious jurisdictional dispute.

The CHAIRMAN. Yes, sir. We are not interested in exactly what it was, Mr. Hamilton, except in a general way. It was about the teamsters union, I take it?

Mr. HAMILTON. Well, there were two jurisdictional disputes. Originally it was the teamsters union and the brewery workers, and then later it became the A. F. of L. and the CIO in 1946.

Mr. RICE. In connection with those problems, do you ever have special assessments which would be over and above the 5 cents per barrel and the 4 cents per barrel for that or any other reason?

Mr. HAMILTON. Not that I recall; no.

Mr. RICE. Is it possible that there could have been a special assessment to the member brewers that you would not recall?

Mr. HAMILTON. Not for that purpose. Not for that purpose.

Mr. RICE. For any purpose.

Mr. HAMILTON. There are some—they aren't assessments. There are times when it has been determined by the brewers to make a contribution to some charitable organization, and they are not paid out of the dues account but are prorated to the brewers.

Mr. RICE. Yes, sir.

Mr. HAMILTON. Now, that is not an assessment.

Mr. RICE. What account would they show in? Would the institute handle that proposition?

Mr. HAMILTON. Yes. The institute would draw the check to the organization and then would prorate—

Mr. RICE. On what account?

Mr. HAMILTON. The expense. On this dues account.

Mr. RICE. On the dues account?

Mr. HAMILTON. They then would prorate the expense to the brewers. If it was State-wide issue, that is, one of State-wide interest, it would be prorated to all of the members. If it pertained only to northern California, it would be prorated to the members in northern California; or similarly in southern California.

Mr. RICE. I see. Now then, down through the years we would be able to find what contributions were made or what disbursements were made from that account in connection with these prorated extra assessments; is that correct?

Mr. HAMILTON. They are all in the books that Mr. Amis has.

Mr. RICE. Yes. At any event, any assessments for any extra purpose would go into the usual 4 cents per barrel account?

Mr. HAMILTON. The dues account. That's correct.

Mr. RICE. The dues account?

Mr. HAMILTON. Yes.

Mr. RICE. Yes. All right, sir. I notice here an item in the last 10 years of "Labor expense," which seems to be over and above salaries, in an amount of \$44,000—round figures.

Mr. HAMILTON. Yes.

Mr. RICE. Would that be in connection with your labor controversies?



Mr. HAMILTON. Yes, it would.

Mr. RICE. Disputes that you spoke about before?

Mr. HAMILTON. That's correct.

Mr. RICE. I have no further questions at this time, Senator.

The CHAIRMAN. Mr. Hamilton, for practical purposes Mr. Samish makes the legislative and political decisions for the brewers of California, or the members of the institute at any event?

Mr. HAMILTON. He does, yes.

The CHAIRMAN. And the members of the institute have what percentage of the brewing industry of California?

Mr. HAMILTON. At the present time they produce, I believe, 84 or 86 percent of the total production in California.

The CHAIRMAN. You have 14, and I believe you said 11 are members.

Mr. HAMILTON. Yes.

The CHAIRMAN. Have there been some drop out of it, or what happened?

Mr. HAMILTON. No. We have increased membership over the years. At one time quite a few brewing companies did not belong to the institute.

The CHAIRMAN. Anyway the percentage is increasing all of the time as to the membership you have in the association?

Mr. HAMILTON. It merely increased in the year of 1950.

The CHAIRMAN. Yes, sir. Now, this resolution referred to the legal fee to be paid to Mr. Samish out of the Samish fund, and all expenses and certain other people whom he employed, et cetera. Of course that is a decision that he can make in any event as to at least anybody else except himself? That is, any expenses that he thinks are necessary, he just asks that checks be signed for?

Mr. HAMILTON. He would, and undoubtedly they would be signed.

The CHAIRMAN. One thing interests me slightly, and that is that these were legal expenses. But you seem to have for the California State Brewers' Institute legal expenses which seem to be about \$6,500 every year—one year \$7,000, one year \$4,000.

Mr. HAMILTON. Yes. We have two attorneys.

The CHAIRMAN. What are those two attorneys?

Mr. HAMILTON. We have a general counsel and we have a counsel for the southern division, retained on a monthly basis.

The CHAIRMAN. Who are they, Mr. Hamilton?

Mr. HAMILTON. Mr. E. R. Hoerchner (H-o-e-r-c-h-n-e-r) and Mr. B. P. Calhoun, in Los Angeles.

The CHAIRMAN. Does Mr. Samish direct the employment of them?

Mr. HAMILTON. No. That is strictly under the institute, supported by the dues account.

The CHAIRMAN. What do they do by way of legal work?

Mr. HAMILTON. They advise concerning the provisions of all State and Federal laws affecting the industry; advise concerning laws affecting labor relations, Federal laws governing the alcoholic beverage industry, and any other matter that may in any way affect the industry.

The CHAIRMAN. What legislative proposals that might be of interest? Things of that sort?

Mr. HAMILTON. No; it has nothing to do with that.

The CHAIRMAN. You seem to use Brobeck, Phleger & Harrison for some other purposes. I guess that is labor matters, is it?

Mr. HAMILTON. That would be included in the amount that was mentioned as a labor expense.

The CHAIRMAN. Also Campbell, Hayes & Custer for some purposes; is that correct?

Mr. HAMILTON. I don't remember that one.

The CHAIRMAN. You seem to have checks drawn to them, according to your expenses.

Mr. RICE. Down at the bottom. "Campbell, Hayes & Custer".

Mr. HAMILTON. Frankly, I don't remember. It may have been for some transcript of testimony or something. I don't recall what it was.

The CHAIRMAN. What are they? Court reporters?

Mr. HAMILTON. I don't know. I don't recognize the name, sir.

The CHAIRMAN. Anyway, there were some checks drawn to them but you don't remember what they were?

Mr. HAMILTON. No.

The CHAIRMAN. Now, Mr. Hamilton, I notice here that donations seem to run awfully high sometimes, some years not as high as others. But in 1947, for instance, in round figures, you had out of what you spent during that year donations, \$16,000; freight traffic bureau, in round figures, \$4,000; legal, 6; industrial publicity, 10; labor expense, 7. Donations are by far your largest item. To what would you donate \$16,000?

Mr. HAMILTON. I would have to look at the books. I don't recall it, I am sorry.

The CHAIRMAN. That would buy an awful lot of tickets to something, would it not?

Mr. HAMILTON. Well, may I say, sir, that I recall that we have made contributions of some two to five thousand dollars to certain funds, such as in one instance we made a large contribution to the Al Smith Memorial Hospital in New York City. We contribute to the safety fund campaigns regularly here in California, both north and south. We have contributed to the Friends Society for purposes of relieving hunger and destitute people in Europe, different portions—displaced persons.

The CHAIRMAN. Yes. Now, the policy is that the brewers themselves only donate to Red Cross and the Community Chest?

Mr. HAMILTON. Directly; yes.

The CHAIRMAN. Directly; yes. Now, when a matter comes up as to whether the proposed referendum is going to be good or bad for the brewing industry, whether the election of a certain State senator or member of the legislature or the passage of a certain bill in the legislature will be good or bad, that decision is made exclusively and wholly by Mr. Samish?

Mr. HAMILTON. That is my understanding; yes.

The CHAIRMAN. Well, you have been around long enough in the association—

Mr. HAMILTON. Yes.

The CHAIRMAN. To have a pretty full understanding about it.

Mr. HAMILTON. That's correct.

The CHAIRMAN. And then the idea is, I take it, that when a position is taken by Mr. Samish all of the members of the institute, through whatever influence they have in their organization, are supposed to back up the decision that is made; is that correct?

Mr. HAMILTON. I don't know. That would be a proper presumption.

The CHAIRMAN. That would be a proper presumption?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. And they are the 11 members, and then of course the wholesalers and the retailers and on down the line?

Mr. HAMILTON. Yes, sir.

The CHAIRMAN. That is a lot of people, is it not?

Mr. HAMILTON. It is. It represents quite a payroll, too.

The CHAIRMAN. Don't you estimate usually that the members of the brewers' institute and the people connected with it in the brewers' organizations and their families and the wholesalers and the retailers, and those upon whom you have some influence rather directly, number some where around a half a million people in California?

Mr. HAMILTON. I could say it could very well be that.

The CHAIRMAN. Do you think that it might be considerably over?

Mr. HAMILTON. Well, I don't know. That's—

The CHAIRMAN. I believe the estimate in the Philbrick report of 1939 was that it was 400 or 450 thousand as of that time, but you have grown in membership since then in the business.

Mr. HAMILTON. Well, we have grown in the production and the number of people employed. But I wouldn't give any credence to anything in the Philbrick report.

The CHAIRMAN. I am not asking you to. I just said that that is what the Philbrick report said. But anyway, since that time the industry has expanded and the number of employees has gotten very much larger?

Mr. HAMILTON. That is true, yes.

The CHAIRMAN. Now, when you take up the matter in connection with form 990, in which you secure an exemption certificate from the Department of Internal Revenue, have you explained to them about these \$25,000 and \$10,000 expenses?

Mr. HAMILTON. They have been itemized and they are in the report and have been reported to the Treasury Department on the form 990.

The CHAIRMAN. As to what they were?

Mr. HAMILTON. Well, I would have to look at the form itself—

The CHAIRMAN. All right.

Mr. HAMILTON. For the years in which they occurred.

The CHAIRMAN. What other similar associations are there in the State of California, Mr. Hamilton, to yours? Isn't there a Southern California Distilled Spirits Institute, or something of that sort?

Mr. HAMILTON. Well, there is an organization of wholesale liquor dealers that I believe operate under that name.

The CHAIRMAN. Then the industry is also organized at the wholesale level?

Mr. HAMILTON. In the brewing industry there are two organizations—wholesale organizations—of beer distributors: one in southern California; one in northern California.

The CHAIRMAN. Anyway, it is the southern California wholesale distributors and then the northern California, whatever names they may have?

Mr. HAMILTON. Yes.

The CHAIRMAN. Mr. Samish is the director of their affairs in the same capacity?



Mr. HAMILTON. No.

The CHAIRMAN. Isn't he?

Mr. HAMILTON. No, no. He has no connection with them.

The CHAIRMAN. Not with the southern one?

Mr. HAMILTON. Not with the Southern California Beer Distributors Association, nor with the Northern California Beer Distributors Association.

The CHAIRMAN. All right. We can ask him about that. Now, what other associations are there? Is there a distilleries association aside from the brewers?

Mr. HAMILTON. I don't know of any.

The CHAIRMAN. You don't know of any. One of the purposes is to prevent these out-of-State companies from selling too much beer in California?

Mr. HAMILTON. No, we have no such purpose.

The CHAIRMAN. I mean, don't you try to encourage the use of local beer?

Mr. HAMILTON. We do. And——

The CHAIRMAN. Well, I don't mean that you try to prevent it in any improper way.

Mr. HAMILTON. I thought that you meant that——

The CHAIRMAN. Except by boosting the values of the vitamin contents of your own beer.

Mr. HAMILTON. That's right. By reason of our position we are able to sell as good a product for less money. It doesn't have to be shipped 3,000 miles.

The CHAIRMAN. And then there is something about California pride in using your own local product?

Mr. HAMILTON. Always. Yes, sir.

The CHAIRMAN. All right. I believe that is all for the present, Mr. Hamilton. You can be excused. But if we need you about something else, may we call you to come back?

Mr. HAMILTON. Yes.

The CHAIRMAN. Our next witness will be Mr. William P. Baker, but we shall have a 5-minute recess before calling him.

(Short recess.)

Mr. RICE. William P. Baker.

The CHAIRMAN. Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BAKER. I do.

The CHAIRMAN. Let's get to the pertinent point here, Mr. Rice.

Mr. RICE. The meat of the coconut?

The CHAIRMAN. The meat of the coconut.

**TESTIMONY OF WILLIAM P. BAKER, PRESIDENT, REGAL-AMBER BREWING CO., AND VICE PRESIDENT OF CALIFORNIA STATE BREWERS' INSTITUTE, SAN FRANCISCO, CALIF.**

Mr. RICE. Your name is William P. Baker. And where do you live, Mr. Baker?

Mr. BAKER. I live at 1631 Beach Street.

Mr. RICE. In what city?



Mr. BAKER. San Francisco.

Mr. RICE. And you are an officer of the Regal-Amber Brewing Co.?

Mr. BAKER. Right.

Mr. RICE. What officer are you?

Mr. BAKER. What office?

Mr. RICE. Yes.

Mr. BAKER. President.

Mr. RICE. You are the president; and you also are an officer of the Brewers' Institute?

Mr. BAKER. Right.

Mr. RICE. And what office do you hold there?

Mr. BAKER. Vice president.

Mr. RICE. You have been here during the testimony this morning, have you not, sir?

Mr. BAKER. Right.

Mr. RICE. And do you recall the arrangements as to, shall we call it, the special checking account? What do you call it?

Mr. BAKER. Correct. That's what we call it: a special account.

Mr. RICE. With your company as a member of the Brewers' Institute, would you be able to estimate what your annual assessment is to the institute, approximately?

Mr. BAKER. My annual assessment—well, I think you have the figures right there.

Mr. RICE. Yes.

Mr. BAKER. So much per barrel. Last year we did five hundred and sixty so much thousand barrels, and according to the barrelage. We pay according to barrelage.

Mr. RICE. I have a recapitulation of your assessments in the past 10 years to the institute totalling \$146,941.16. Is that about right?

Mr. BAKER. Just about right, to my best knowledge.

Mr. RICE. That is the  $3\frac{1}{2}$  or 4 cents per barrel proposition?

Mr. BAKER. Correct.

Mr. RICE. Now, you charge that in your books as an expense; do you not?

Mr. BAKER. Yes; I do.

Mr. RICE. As an operating expense?

Mr. BAKER. Correct.

Mr. RICE. And during the same period, the past 10 years, you have an assessment of \$184,926.45 to the public-relations fund. That is the 5-cents-per-barrel assessment?

Mr. BAKER. To my best of my knowledge.

Mr. RICE. Now, in connection with your tax picture, is it true that 50 percent of that, or one-half of that, is charged as a business expense on your books?

Mr. BAKER. That is correct.

Mr. RICE. That is correct. All right, sir. During the past 10 years, then, you have a total assessment to the institute of \$331,867.16. Now, sir, were there any additional assessments—

The CHAIRMAN. Now, wait a minute. That is the one? The 4 cents?

Mr. RICE. No. That is the total of the 9 cents.

The CHAIRMAN. Oh, that is the total of the 9 cents. All right.

Mr. RICE. Now, sir, have there been in the past 10 years, or within your memory as a member of the institute, any assessments for other purposes over and above the 4 cents and the 5 cents?

Mr. BAKER. To the best of my knowledge, no.

Mr. RICE. Now, Mr. Hamilton testified that from time to time there were calls upon the members for donations of various kinds.

Mr. BAKER. That's correct.

Mr. RICE. Has there ever been a call on you for that purpose?

Mr. BAKER. Yes. It all depends. We depend—in other words, we depend on the Brewers' Institute, and some collections are O. K.'d by the institute and some of them are not. In fact, there are recommendations by the Better Business Bureau not to give anything. That's why we have the secretary of the Brewers' Institute to O. K. all the certain donations.

Mr. RICE. Yes.

Mr. BAKER. Some of them are done by the institute; some of them are done in the original brewer.

Mr. RICE. Yes. So that you do make some contributions as an individual brewer. Now, then, what we are talking about are extra assessments or extra contributions directed by the institute. You remember Mr. Hamilton said from time to time——

Mr. BAKER. That's right.

Mr. RICE. Do you have any of those?

Mr. BAKER. Those certain donations are always prorated to the different brewers.

Mr. RICE. And they are prorated?

Mr. BAKER. That's right.

Mr. RICE. And you remember some of those being prorated to you, being calls on the Regal Co.?

Mr. BAKER. Well, I couldn't say it in dimes and cents but probably in dollars, within a few dollars, yes.

Mr. RICE. What would you say they were?

Mr. BAKER. Well, some of them amount to probably \$10, some of them amount to \$15, some of them amount to \$20.

Mr. RICE. And that is a month or year?

Mr. BAKER. No, no. Whenever the occasions arise, where he asks for a donation.

Mr. RICE. In any event, your books would reflect those additional assessments for donations or contributions in a separate—well, you have here——

Mr. BAKER. You are speaking as the individual brewer or as the institute?

Mr. RICE. I am talking about an individual brewer now.

Mr. BAKER. That's correct.

Mr. RICE. As an individual brewer you contribute 4 cents a barrel to one fund?

Mr. BAKER. That's right.

Mr. RICE. And you contribute 5 cents a barrel to another fund?

Mr. BAKER. That's right.

Mr. RICE. And then from time to time you have other calls upon you?

Mr. BAKER. No, not exactly. There are very few in between; very few from Mr. Hamilton as secretary of the Brewers' Institute.

Mr. RICE. Those are few and far between?

Mr. BAKER. Very, very few.

Mr. RICE. But there are occasions when those things do happen?

Mr. BAKER. That's correct.

Mr. RICE. And what would be the reason for the last category, those last assessments?

Mr. BAKER. Well, this is rather a peculiar question. I will tell you why it is a peculiar question.

Mr. RICE. Yes, sir.

Mr. BAKER. We have a certain code amongst the brewers. We have requests for donations from different societies. A certain party may ask and want a donation, and by you giving him a certain donation he may favor your product. That's why we have it on the State, for every brewer to come in accordingly—if you know what I mean.

Mr. RICE. In other words, that is to act in concert rather than individually, so that no one exercises a preference?

Mr. BAKER. That's right.

Mr. RICE. That is understandable. Why are those moneys not taken from the general 4-cents assessment fund?

Mr. BAKER. There is some moneys taken out of there; and quite a bit of that, too.

Mr. RICE. Who determines when there shall be extra assessments over and above the 4-cents assessment?

Mr. BAKER. That's done voluntarily.

Mr. RICE. That is done voluntarily?

Mr. BAKER. That's correct.

Mr. RICE. By the institute?

Mr. BAKER. No; by the members of the institute.

Mr. RICE. Yes; but the institute calls upon them?

Mr. BAKER. That's correct. Say, for instance, somebody asks for a donation to buy a hundred tickets——

Mr. RICE. Yes, sir.

Mr. BAKER. For a certain charity—for instance, the American Friends Service Society. They want to sell you a hundred tickets to a ball. Jim Hamilton buys the hundred tickets and he prorates all those tickets to the different breweries.

Mr. RICE. I see. All right, sir. We understand that, then.

The CHAIRMAN. Prorates them according to——

Mr. BAKER. According to barrelage.

The CHAIRMAN. According to how much they are paying in?

Mr. BAKER. That's right.

Mr. RICE. All right, sir. You are one of the ones who is authorized to draw checks on the special account. Is that in the Crocker Bank?

Mr. BAKER. I suppose it is.

Mr. RICE. Yes. Now, do you sign checks on that account?

Mr. BAKER. That's right.

Mr. RICE. And what are the arrangements about that? Who tells you when to draw a check?

Mr. BAKER. When those checks come in there is a certain request, what they are for. As a rule there is always "Pay to (a certain account)."

Mr. RICE. Where do those checks come from?

Mr. BAKER. They are brought to me.

Mr. RICE. They are brought to you from where?

Mr. BAKER. From the—I imagine Mr. Samish's office or the institute. I don't know where they come from.

Mr. RICE. They come from Samish's office. And is the check made out? Are the payee and the amount shown on the check?

Mr. BAKER. Always. Always on the checks.

Mr. RICE. That is always shown?

Mr. BAKER. Always.

Mr. RICE. And you sign it?

Mr. BAKER. That's correct.

Mr. RICE. Suppose you don't understand what the purpose of the check is; do you have any authority to refuse to sign the check?

Mr. BAKER. Well, so far as I have not. I have never had any occasion to refuse to sign the check.

Mr. RICE. Yes. Now, as a practical matter of fact you merely sign the check; you don't question it, do you?

Mr. BAKER. I do not.

Mr. RICE. Who keeps the records of those checks that you sign?

Mr. BAKER. I suppose it's the—whoever has got charge of the account.

Mr. RICE. And who is that?

Mr. BAKER. I suppose Mr. Samish has.

Mr. RICE. As a matter of fact it is Mr. Samish; isn't it?

Mr. BAKER. That's correct.

Mr. RICE. All right.

The CHAIRMAN. Then, Mr. Baker, this is a large sum of money that is in this Crocker account that Mr. Samish disposes of. What in general are the big checks for? Do you know?

Mr. BAKER. The big checks are for certain salaries, certain publications, certain hotel bills, travel expenses, telegraphic expenses, telephone expenses.

The CHAIRMAN. Many of them to Mr. Samish to reimburse him for money he has spent?

Mr. BAKER. The only checks I ever remember making to Mr. Samish were his personal checks, the salary checks.

The CHAIRMAN. And his expense checks?

Mr. BAKER. And his expense checks; correct.

The CHAIRMAN. And that is what takes up all of that fund?

Mr. BAKER. That's right.

The CHAIRMAN. Billboards? Newspapers?

Mr. BAKER. That's right.

The CHAIRMAN. Salaries?

Mr. BAKER. That's right.

The CHAIRMAN. Expenses, hotels?

Mr. BAKER. Correct.

The CHAIRMAN. And things of that sort. Some of the checks to "cash," do you remember?

Mr. BAKER. I think I remember there was very, very few checks made to "cash." Very, very few.

The CHAIRMAN. As to the political and legislative decisions for which this fund may be used, those are left up to Mr. Samish?

Mr. BAKER. That is left up to him. Right.

The CHAIRMAN. Then all you gentlemen of the brewery industry



who are members of the institute, when the decision is made you get behind it to whatever extent you can?

Mr. BAKER. That's correct, Senator.

The CHAIRMAN. And how about your employees? How many employees do you have?

Mr. BAKER. What do you mean? As a brewery, right now we have 485 men employed in the Regal Brewery.

The CHAIRMAN. And part of the effort and understanding is that you try to get your people to go along with the decision that has been made?

Mr. BAKER. That is correct.

The CHAIRMAN. And their families?

Mr. BAKER. That's right.

The CHAIRMAN. How about the wholesalers that distribute for you?

Mr. BAKER. What do you mean by the "wholesalers," Senator?

The CHAIRMAN. I mean, don't you sell through wholesalers?

Mr. BAKER. Absolutely we do sell through wholesalers, yes.

The CHAIRMAN. And then you work in conjunction with them on decisions that have been made?

Mr. BAKER. That's right. There is only place that we retail, and that is the city of San Francisco.

The CHAIRMAN. And you try to get your retailers to go along with the decision, too?

Mr. BAKER. That's right.

The CHAIRMAN. You have campaigns on which you get them to vote? Do you have to register in this State?

Mr. BAKER. Yes; naturally, Senator.

The CHAIRMAN. You have a permanent registration law?

Mr. BAKER. Yes; yes.

The CHAIRMAN. Anyway, as part of the general effort you use all the political influence or public relations influence—whatever you may call it?

Mr. BAKER. Naturally. It is to safeguard our industry and safeguard our business.

The CHAIRMAN. All right. That is all, I think.

Mr. RICE. Thank you, sir.

Mr. BAKER. Thank you.

The CHAIRMAN. Thank you very much.

Mr. RICE. One thing before you leave. What is the salary or compensation arrangement for Mr. Samish out of this special fund?

Mr. BAKER. He gets \$1,500 per month and expenses.

Mr. RICE. \$1,500 per month and expenses?

Mr. BAKER. Correct.

Mr. RICE. And does he have a salary out of the other fund?

Mr. BAKER. I do not know. I do not know.

The CHAIRMAN. Are you sure it is \$1,500 or \$2,500?

Mr. BAKER. It was \$2,500 and it was reduced to \$1,500. Now, I'm not sure. I won't question that.

The CHAIRMAN. This contract says \$2,500.

Mr. BAKER. It must be right. It must be right.

The CHAIRMAN. \$2,500?

Mr. BAKER. It must be right. Always it was \$2,500, but I thought it was reduced to \$1,500.

The CHAIRMAN. That is \$30,000 a year.

Mr. BAKER. That's right.

The CHAIRMAN. Then how much does the Brewers' Institute as such pay him? Anything?

Mr. BAKER. No.

The CHAIRMAN. All right. Thank you.

Mr. RICE. With reference to expense items that come in, are those itemized in detail?

Mr. BAKER. Yes; as a rule they are itemized.

Mr. RICE. Say the checks are drawn for a hotel. Do they go to the hotel itself or do they go to reimburse someone?

Mr. BAKER. They go direct to the hotel.

Mr. RICE. The actual recipient of the check to whom that check is drawn?

Mr. BAKER. That's right.

The CHAIRMAN. And you return all the records to Mr. Samish for his keeping?

Mr. BAKER. He has those, I suppose; yes.

The CHAIRMAN. Anyway, they are returned to him?

Mr. BAKER. Correct.

The CHAIRMAN. That is all. Thank you, Mr. Baker.

Mr. RICE. Mr. Chairman, we have under subpoena Mr. Henry Picard, vice president and general manager of the San Francisco Brewing Co., and also Fred W. Jordan, of the Lucky Lager Brewing Co. I take it that the testimony from those gentlemen would be cumulative.

The CHAIRMAN. Are Mr. Picard, Mr. Jordan, or Mr. Fanning here?

Mr. PICARD. Yes.

Mr. FANNING. Yes.

The CHAIRMAN. Will you come around here, both of you together. Do you swear the statement you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. FANNING. I do.

Mr. PICARD. I do.

**TESTIMONY OF HENRY E. PICARD, VICE PRESIDENT AND GENERAL MANAGER, SAN FRANCISCO BREWING CO.; AND G. L. FANNING, VICE PRESIDENT, LUCKY LAGER BREWING CO., SAN FRANCISCO, CALIF.**

The CHAIRMAN. Which is Mr. Picard?

Mr. PICARD. I am.

The CHAIRMAN. Mr. Picard, you are with the San Francisco Brewing Co.; is that correct?

Mr. PICARD. That's right, sir.

The CHAIRMAN. And is your name Jordan?

Mr. FANNING. Fanning is my name, sir.

The CHAIRMAN. Mr. Fanning, you are vice president of what company?

Mr. FANNING. Lucky Lager Brewing Co.

The CHAIRMAN. You heard the testimony given by Mr. Hamilton and also by Mr. Baker; and without going into details, first Mr. Picard, is that substantially the way you run your business too?

Mr. PICARD. That's right.

The CHAIRMAN. Are you one of the ones who signs checks on this Crocker fund?

Mr. PICARD. No, sir; I do not.

The CHAIRMAN. But what Mr. Baker said about his industry is the same with the San Francisco Brewing Co.?

Mr. PICARD. What particular are you referring to?

The CHAIRMAN. I mean about the amount you paid and about the decision over political and legislative matters.

Mr. PICARD. Yes.

The CHAIRMAN. And the amount you contribute to these two funds; is that correct?

Mr. PICARD. It is all about practically the same thing, Senator.

The CHAIRMAN. And also you use your influence with your employees to get them to go along with the decision that has been made?

Mr. PICARD. That's right. Although we don't go particularly out of the way to let that be known to the employees.

The CHAIRMAN. Some people work harder in public relations and politics than others; is that correct?

Mr. PICARD. That's probably it.

The CHAIRMAN. Your records show that over a period of 9 years you have paid into the fund \$243,269. Would that be correct?

Mr. PICARD. I think it is. If that is the figures that Mr. Amis picked up from us yesterday, they are.

The CHAIRMAN. It would be broken down this way: Since 1942 your company has contributed to the California State Brewers' Institute \$114,643, and since May 1944 you have contributed to the public relations fund—that is the Crocker fund?

Mr. PICARD. That's right.

The CHAIRMAN. \$128,634.

Mr. PICARD. I think those figures are right.

The CHAIRMAN. And how do you keep your records on the part that is deductible as an operating expense and the part that is not deductible?

Mr. PICARD. That's handled by our chief accountant. I can't give you the exact handling of that.

The CHAIRMAN. All of the \$114,000 that goes to the California State Brewers' is deductible as a business expense?

Mr. PICARD. That's right. That's right, Senator.

The CHAIRMAN. One-half of the so-called Samish fund; is that right?

Mr. PICARD. One-half of the Samish fund is a deductible item. That's right.

The CHAIRMAN. Mr. Fanning, I have here that over a period of 10 years your company has contributed \$517,502 to the Brewers' Institute.

Mr. FANNING. Senator, was that a 10-year period or 11-year period?

Mr. Amis?

The CHAIRMAN. Which is it, Mr. Amis? It begins in '40 and ends in '50.

Mr. AMIS. That is 11 years, sir.

Mr. FANNING. I would say it is 11 years.

The CHAIRMAN. Is that the total contributions to the two funds?

Mr. FANNING. What was that figure, Senator?

The CHAIRMAN. \$517,502.

Mr. FANNING. That is for both funds.

The CHAIRMAN. That is 9 cents per barrel?

Mr. FANNING. Yes.

The CHAIRMAN. And then I would say that one fund was roughly 300 and the other would be something less than that.

Mr. FANNING. The 4-cent fund was \$203,000, in round figures.

The CHAIRMAN. Yes. And the 5-cent fund?

Mr. FANNING. \$287,500.

The CHAIRMAN. And, Mr. Fanning, with respect to the testimony as to the legislative and political decisions made and as to your organization getting done what is done, that is the way you carry on your business too?

Mr. FANNING. Yes. I would say we have complete confidence in Mr. Samish.

The CHAIRMAN. Yes.

[To Mr. Rice] Anything else?

Mr. RICE. No.

The CHAIRMAN. Thank you very much, gentlemen. That is all. You do not need to stay around. That is all we want.

There is some gentleman here from the Wholesale Liquor Distributors Association. Who is that?

**TESTIMONY OF SANTE QUATTRIN, EXECUTIVE SECRETARY,  
WHOLESALE LIQUOR DISTRIBUTORS ASSOCIATION OF NORTH-  
ERN CALIFORNIA, INC., SAN FRANCISCO, CALIF.**

The CHAIRMAN. What is your name?

Mr. QUATTRIN. Quattrin (Q-u-a-t-t-r-i-n). Sante (S-a-n-t-e).

Mr. RICE. You are executive secretary of the Wholesale Liquor Distributors Association?

Mr. QUATTRIN. Wholesale Liquor Distributors Association of Northern California.

Mr. RICE. In the Sharon Building. Yes, sir. Tell us briefly about that association; who the members are and the purposes of the association.

Mr. QUATTRIN. The members of our association are the wholesale liquor dealers from the Tehachapi Mountains to the Oregon line. That is our northern California section.

Mr. RICE. Yes.

Mr. QUATTRIN. We have in our association about 93 to 94 percent of the distribution. What I mean by that is our wholesalers, our members, sell that much in the territory.

Mr. RICE. How much is that, again?

Mr. QUATTRIN. About 92 to 94 percent of all liquor sold in northern California.

Mr. RICE. Those are distributors?

Mr. QUATTRIN. Solely distributors. No manufacturers.

Mr. RICE. And that is of hard liquor?

Mr. QUATTRIN. Hard liquor only.

Mr. RICE. And are these distributors California organizations or are they national organizations?

Mr. QUATTRIN. No; this is solely northern California.

Mr. RICE. Solely northern California?

Mr. QUATTRIN. We have nothing to do with the south.

Mr. RICE. But the members of the organization are northern California distributors only?



Mr. QUATTRIN. That's right.

Mr. RICE. No out-of-State members?

Mr. QUATTRIN. That's right. That's right.

Mr. RICE. All right, sir.

Mr. RICE. But the members of the organization are northern California corporation or person, do they not, usually?

Mr. QUATTRIN. Oh, yes. He has to be located in business here.

The CHAIRMAN. You have to have a license and be located——

Mr. QUATTRIN. Yes, sir. He has to have a license and be located in business here.

The CHAIRMAN. So you have 92 to 94 percent of all the hard-liquor distributors in northern California?

Mr. QUATTRIN. Only.

The CHAIRMAN. Yes. Regardless of whether they are distributing products made in California or made elsewhere?

Mr. QUATTRIN. Well, actually they distribute very little of California whisky, because this is not a whisky State.

The CHAIRMAN. Yes, this is not a whisky State. You do have two or three distilleries, don't you?

Mr. QUATTRIN. Yes. We have one: the American Distilling Co., in Sausalito. That is the only one. That is whisky. We have some brandy, naturally, brandy manufacturers, here.

Mr. RICE. It is clear that much of the products handled by the distributors stems from out of State?

Mr. QUATTRIN. Oh, yes.

Mr. RICE. Nationally advertised distilled products?

Mr. QUATTRIN. Oh, yes.

Mr. RICE. As distinguished from the products of the Brewers' Institute, which are produced locally?

Mr. QUATTRIN. That's right.

Mr. RICE. How are the dues of the association arranged?

Mr. QUATTRIN. The dues are on a gallonage basis: 1 cent per gallon of liquor sold.

Mr. RICE. One cent per gallon.

Mr. QUATTRIN. And only sales to retailers. When a distributor makes a sale to another distributor, that is not included; when he exports out of the State, that is not included. It's only on sales made to retailers.

Mr. RICE. Yes, sir. Now then, does the organization retain Mr. Samish for any purpose?

Mr. QUATTRIN. No.

Mr. RICE. Who is in charge of the arrangements for the expenditures of the association?

Mr. QUATTRIN. Well, we have a board of directors. I am the secretary of the association. The board of directors have established a budget, and as long as the expenditures are as outlined by the budget, why, one of the directors and myself sign the checks.

Mr. RICE. You and one of the directors sign the checks?

Mr. QUATTRIN. Yes. I mean, there are, I think, four directors qualified. Any two of them.

Mr. RICE. Who is the director who signs the check with you?

Mr. QUATTRIN. Or it could be anyone.

Mr. RICE. Any one of the four?

Mr. QUATTRIN. Any one of the three or four; see.

Mr. RICE. All right, sir. Then is your organization a nonprofit organization?

Mr. QUATTRIN. Yes, sir.

Mr. RICE. And do you know whether or not the assessment per gallon to each of the members is a deductible expense on their books?

Mr. QUATTRIN. It is.

Mr. RICE. It is?

Mr. QUATTRIN. It is.

Mr. RICE. I see. Then it is a hundred-percent deduction?

Mr. QUATTRIN. That's right.

Mr. RICE. And your organization is a hundred-percent tax-free?

Mr. QUATTRIN. That's right.

Mr. RICE. Could you tell us in round figures what the total gross per annum is from the assessment?

Mr. QUATTRIN. Well, it runs from 48 to 49 hundred or 5 thousand a month. It is around 57 to 58 thousand a year total.

Mr. RICE. And that is the total assessment?

Mr. QUATTRIN. That's right.

Mr. RICE. So that, then, is your total budget?

Mr. QUATTRIN. That is the total budget.

Mr. RICE. Do you fellows participate in anything having to do with the legislature or with political campaigns?

Mr. QUATTRIN. Well, we don't insofar as candidates are concerned.

Mr. RICE. How do you mean?

Mr. QUATTRIN. Well, I mean by this: In 1948, when we had the drives that put on the "dry" amendment on the ballot, we spent money for advertising, educating the people against that amendment.

Mr. RICE. Yes. On a general basis?

Mr. QUATTRIN. Oh, yes.

Mr. RICE. How about individual candidates for office?

Mr. QUATTRIN. No.

Mr. RICE. Are you sure about that?

Mr. QUATTRIN. I am.

Mr. RICE. Now, sir, is there any arrangement for an extra assessment or solicitation of contributions from members for a particular candidate?

Mr. QUATTRIN. No, sir.

Mr. RICE. I have here a suggestion that a man by the name of George Reilly—Do you know him?

Mr. QUATTRIN. Yes. He is a member of the board of equalization.

Mr. RICE. There was some solicitation by Sante Quattrin—That is you?

Mr. QUATTRIN. Yes.

Mr. RICE. In connection with his campaign the last time from members of the association. What do you have to say for that?

Mr. QUATTRIN. We didn't solicit any money; we didn't put any money out.

Mr. RICE. I am talking about you.

Mr. QUATTRIN. No, sir.

Mr. RICE. You say it is a fair statement, then, that you did not solicit any campaign contributions from any member of your association for George Reilly?

Mr. QUATTRIN. That's right.

Mr. RICE. All right, sir. Did you do anything on George Reilly's behalf?

Mr. QUATTRIN. Well, I didn't spend any money and I don't know whether my people did. But, after all, George Reilly has a good record.

Mr. RICE. Yes.

Mr. QUATTRIN. And I mean, he was reelected almost unanimously.

Mr. RICE. Yes.

Mr. QUATTRIN. And I certainly was for him in the election.

Mr. RICE. And did you talk to the members of your association in his behalf?

Mr. QUATTRIN. Well, I certainly told them that he is a good man and they ought to support him.

Mr. RICE. In other words, you recommended him?

Mr. QUATTRIN. Oh, definitely.

Mr. RICE. But so far as you know there was no financial backing either by your organization or by any member?

Mr. QUATTRIN. Insofar as I know, that's right.

Mr. RICE. Who is the public-relations man for the organization?

Mr. QUATTRIN. Frank Flynn.

Mr. RICE. Frank Flynn?

Mr. QUATTRIN. Frank X. Flynn.

Mr. RICE. And where is his office located?

Mr. QUATTRIN. In the Kohl Building.

Mr. RICE. And is he associated with anyone whose name has been mentioned here today?

Mr. QUATTRIN. Mr. Samish I think he is associated with.

Mr. RICE. He is in Mr. Samish's office, isn't he?

Mr. QUATTRIN. I think he is; yes.

The CHAIRMAN. What is Mr. Flynn, now? Your attorney?

Mr. QUATTRIN. No. He is our public-relations man.

The CHAIRMAN. How much do you pay him?

Mr. QUATTRIN. Two thousand a month.

The CHAIRMAN. Two thousand a month?

Mr. QUATTRIN. Yes.

The CHAIRMAN. That takes up half your assessment almost.

Mr. QUATTRIN. It does.

The CHAIRMAN. What does he do for you?

Mr. QUATTRIN. Well, we have two groups that are always working against us. One group is the "dry" forces. They always come through with "dry" legislation or "dry" constitutional amendments. The next group are those people who would like to see the State of California go into the liquor business, take the liquor away from the independent merchants and give it to the State. It is Mr. Flynn's job to keep track of what these two organizations are doing, and when he finds that they are doing something against our interests we have to oppose them. That's his work.

The CHAIRMAN. As a matter of fact, Mr. Flynn and Mr. Samish make up the policy decisions that your organization follows on legislative matters?

Mr. QUATTRIN. No; that is not so.

The CHAIRMAN. Well, Mister—

Mr. QUATTRIN. Our directors every year go over all the bills introduced in the legislature, and they are the ones who decide which they want to support and which they want to oppose, and Mr. Flynn has to follow his instructions.

The CHAIRMAN. I see. But you work in fairly good cooperation with Mr. Flynn and also with this Brewers' Institute, don't you?

Mr. QUATTRIN. We have nothing to do with the Brewers' Institute.

The CHAIRMAN. But I mean, usually on the referendum and bills in the legislature you follow about the same course?

Mr. QUATTRIN. No. In the legislature, most of the bills are either referring to wine, beer, or hard liquor. It is very seldom that they are combined. In those bills that have to do with beer, we are not interested; those that have to do with wine we are not interested. Those that have to do with distilled spirits we are. But——

The CHAIRMAN. Does Mister——

Mr. QUATTRIN. But in a national—go ahead, sir.

The CHAIRMAN. Yes.

Mr. QUATTRIN. In a State fight; yes. Like the drives in 1948 that was to abolish alcoholic beverages, we were all together on that fight.

The CHAIRMAN. Does Mr. Flynn spend some time in the legislature?

Mr. QUATTRIN. Yes. He is registered as our representative now.

The CHAIRMAN. You have a lobbying act, do you not?

Mr. QUATTRIN. We have; and he registers the amount we pay him—which includes all his expenses. We don't give him any expense account.

The CHAIRMAN. Then what did you do with this, you say, advertising program? Do you rent billboards and newspaper advertising?

Mr. QUATTRIN. Well, what we did in 1948, we paid certain bills from advertising agencies for billboards, advertising in newspapers, and printing bills.

The CHAIRMAN. And anything to influence public opinion?

Mr. QUATTRIN. Well, we don't do much influencing unless there is a fight on, Senator. We wait until they take us on, and we fight back. We don't try to——

The CHAIRMAN. Well, you had a fight on in 1948.

Mr. QUATTRIN. We sure did.

The CHAIRMAN. And you used billboards, radio, newspapers, placards, cards, anything to influence public opinion?

Mr. QUATTRIN. Yes, sir.

The CHAIRMAN. How much did you spend in that fight?

Mr. QUATTRIN. I don't know.

The CHAIRMAN. Do you remember?

Mr. QUATTRIN. Yes. I think our appropriation to that was a total of \$25,000, or something. Around \$25,000.

The CHAIRMAN. Twenty-five thousand dollars. That's about the same as the Brewers' Institute put up.

Mr. QUATTRIN. From what I heard in the testimony. I didn't know, Senator. That is the first time I knew.

The CHAIRMAN. How many people are in your industry in northern California?

Mr. QUATTRIN. We have 80 different, separate houses. I mean by that, 80 different places or persons.

The CHAIRMAN. Eighty different wholesalers?



Mr. QUATTRIN. Some of them are chain operators. We have houses that have two or three. But I think there are 82, to be exact, as a total number.

The CHAIRMAN. Do you know how many people are employed by your industry in northern California?

Mr. QUATTRIN. Wholesalers?

The CHAIRMAN. Yes.

Mr. QUATTRIN. I wouldn't be able to tell you. I know we have around a thousand salesmen, but then, from then on, we have the office forces. We never tried to add it up.

The CHAIRMAN. You have a thousand salesmen?

Mr. QUATTRIN. About that.

The CHAIRMAN. Then if you had that many salesmen, you would have several thousand office personnel.

Mr. QUATTRIN. Well, in a wholesale business the sales force is the largest numerically, Senator. The office force is not as large as the sales force.

The CHAIRMAN. Well, you have truck drivers?

Mr. QUATTRIN. We have; yes.

The CHAIRMAN. And delivery men?

Mr. QUATTRIN. Yes; we have.

The CHAIRMAN. All right. I believe that is all.

Mr. RICE. To clear up one thing. The \$25,000 which was expended in 1948 was in addition to that money that was paid Mr. Flynn; isn't that correct?

Mr. QUATTRIN. Yes. Mr. Flynn is on a salary, like I am. He pays his income tax. In other words, he gets \$2,000 a month as a salary.

Mr. RICE. So that if additional expenses are incurred at Mr. Flynn's direction, they are paid directly by the association, not through his account?

Mr. QUATTRIN. Wait a minute. The expenses incurred in 1948 were not at Mr. Flynn's direction at all. They were at the direction of the board of directors, who wanted to put out a fight against the "Drys."

Mr. RICE. Should we say his "suggestion," possibly?

Mr. QUATTRIN. No.

The CHAIRMAN. It didn't take anybody to suggest what you would do.

Mr. QUATTRIN. That's right. It didn't take anybody to urge us what to do on that fight.

Mr. RICE. But in any event they were over and above his own compensation?

Mr. QUATTRIN. Oh, yes. Yes, sir.

The CHAIRMAN. All right. Thank you, sir.

The chairman understands that Prof. Joe Harris, who is the head of the political-science division of the University of California, is here. I have known him for many, many years in political science work. He is here with some of his students and his class.

Are you still here, Dr. Harris?

We are going to recess now until 15 minutes of 2, but I hope you and the members of your class will stay a few minutes, Dr. Harris.

The committee will stand in recess until 15 of 2.

(Whereupon, at 12:40 p. m., the committee recessed until 1:45 p. m.)

## AFTERNOON SESSION

(The committee met at 1:55 p. m.)

The CHAIRMAN. The committee will come to order.

Mr. LUBBES, please.

Mr. RICE. Charles Lubbes.

The CHAIRMAN. Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LUBBES. I do.

The CHAIRMAN. Mr. Robinson, you know about Mr. Lubbes' matter.

**TESTIMONY OF CHARLES B. LUBBES, SAN FRANCISCO, CALIF.**

Mr. ROBINSON. Mr. Lubbes, will you state your full name and address for the record?

Mr. LUBBES. Charles B. Lubbes, 626 Head Street.

Mr. ROBINSON. And how long have you lived at that address?

Mr. LUBBES. A little over a year and a half.

Mr. ROBINSON. Prior to which time you came from what part of the country?

Mr. LUBBES. Oklahoma.

Mr. ROBINSON. You are an Indian?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. You are an ex-serviceman?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Disabled?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Were you arrested recently on a fugitive complaint?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Emanating from Cairo, Ill.?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. You are on bond on that complaint now, pending extradition proceedings?

Mr. LUBBES. That's right.

Mr. ROBINSON. Your Army service, as I understand it, ran from September 17, 1938, to December 1945, at which time you were discharged.

Mr. LUBBES. That's right, sir.

Mr. ROBINSON. At that time you made a determination to enter into the whisky business?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. In what particular section of the country?

Mr. LUBBES. Oklahoma.

Mr. ROBINSON. And what did you do in that connection?

Mr. LUBBES. I started buying and selling whisky.

Mr. ROBINSON. From package stores?

Mr. LUBBES. Just any place I could buy it; yes, sir.

Mr. ROBINSON. In small quantities?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. How long were you thus engaged?

Mr. LUBBES. Oh, around a year, I guess.

Mr. ROBINSON. Thereafter did somebody contact you about more extensive operations?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Could you identify that individual?

Mr. LUBBES. Hymie Rubin.

Mr. ROBINSON. And will you explain who Mr. Rubin is and what his business associations are?

Mr. LUBBES. At that time he was the—he had a partnership in the Tri-State Liquor companies, in Cairo, Ill.

Mr. ROBINSON. Was he associated with any other companies there?

Mr. LUBBES. He owns the Southern Wholesale Liquor Co. now.

Mr. ROBINSON. Did he ask you to engage in liquor transactions with him?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Will you explain the nature of those transactions?

Mr. LUBBES. Well, he would furnish me with customers; I would come up there and write him a post-dated check, or a check; take the whisky out; haul it and deliver it and bring the money back, or either deposit it in a bank in Oklahoma.

Mr. ROBINSON. Would this whisky be hauled to States which are normally dry?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Which States?

Mr. LUBBES. Oklahoma.

The CHAIRMAN. How about Tennessee?

Mr. LUBBES. He had trucks going to Tennessee; yes, sir. And, oh, Tennessee and—well, I know of a few trucks that went into Kansas before it was dry.

Mr. ROBINSON. Did he ask you to enlarge your operations for purposes of taking liquor into Kansas?

Mr. LUBBES. Well, he wanted me to take it into Kansas, but I refused.

Mr. ROBINSON. Why?

Mr. LUBBES. Because of Federal law.

Mr. ROBINSON. Your first transaction with Mr. Rubin amounted to how many dollars?

Mr. LUBBES. Oh, around \$600.

Mr. ROBINSON. Did you have all that in cash?

Mr. LUBBES. No.

Mr. ROBINSON. You gave him what cash you had?

Mr. LUBBES. What cash I had and wrote him a hundred-dollar check.

Mr. ROBINSON. And you needed money to get home?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. For gasoline expenses, and so forth?

Mr. LUBBES. Gasoline.

Mr. ROBINSON. Did he advance you any money for expenses?

Mr. LUBBES. He advanced me \$50.

Mr. ROBINSON. That was, of course, repaid to him subsequently?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. From that point, did your loads of liquor get larger and larger proportions?

Mr. LUBBES. I kept increasing over the years; yes, sir.

Mr. ROBINSON. And what would you say the maximum load was that you ever took at any particular time?

Mr. LUBBES. Oh, between—an average load run between thirteen, fourteen, fifteen thousand dollars.

Mr. ROBINSON. Per load?

Mr. LUBBES. Per load, yes.

Mr. ROBINSON. And when you were running at full speed, how many loads would you take a week?

Mr. LUBBES. Two and three loads.

Mr. ROBINSON. That meant you had to put on additional equipment?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Did you buy special trucks for it?

Mr. LUBBES. I had just bought a—I had a semitrailer and a ton-and-a-half Ford and a 1-ton truck and two cars.

Mr. ROBINSON. Now, when Mr. Rubin asked you to engage in this liquor transaction, did he provide to you any customers?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Could you identify some of those customers for us?

Mr. LUBBES. Sam D. Humphreys.

Mr. ROBINSON. Where is he located?

Mr. LUBBES. Oklahoma City. There was Art Harris, out of Ada, Okla.; there was—oh, those were the largest—two of the largest haulers that I had.

Mr. ROBINSON. There was a fellow named Joe?

Mr. LUBBES. Joe, oh, Morris or Harris. No, it wasn't Harris. Joe Mitchell. Joe Mitchell, from Ada.

Mr. ROBINSON. Did he also exhibit to you a list of prices?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Did he point out in connection with that list that you could buy liquor cheaper from him?

Mr. LUBBES. I could buy it from him from 8 to 10 to 12 dollars a case cheaper.

Mr. ROBINSON. What would be the largest reason for the advantage in price?

Mr. LUBBES. Well, there was no State tax on it at all.

Mr. ROBINSON. In other words, where liquor was for export out of the State of Illinois—

Mr. LUBBES. There was no State tax on it. Yes, sir.

Mr. ROBINSON. Did that require special packaging?

Mr. LUBBES. Yes, sir. If you hauled in a car you would have to, what we call, "lug" the whisky. You would have to either put 6 pints to a lug or 3 fifths to a lug, and wrap it and place it in your car.

Mr. ROBINSON. As I get the picture, you took it from the case—

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Which of course had the distiller's serial number on it—

Mr. LUBBES. Yes.

Mr. ROBINSON. And wrapped it in six-bottle lots?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. That gave you the additional advantage that you could "nest" the necks of the bottles and could conserve space in the load?

Mr. LUBBES. That's right. Yes, sir.

Mr. ROBINSON. Who did that wrapping?

Mr. LUBBES. They did; the warehouse.

Mr. ROBINSON. Was there any special procedure you followed when you arrived at Cairo?



Mr. LUBBES. I usually go to either take the car and put it in a filling station, have it serviced, go check in the hotel, call to—leave the keys with the car, and call Rubin and tell him where the car was. He would pick it up, I'd go to bed, and he'd tell me how long it would be, and then he would come and get me or wake me up or give me the keys and give me the check, and I would take off.

Mr. ROBINSON. In other words, when you told him where the car was, you would also tell him what particular brands and quantities there were?

Mr. LUBBES. Well, it was usually Harris, or whoever wanted the order, had already called it to him and they would have the order, and all I would do would just sign the check and take off.

Mr. ROBINSON. When the car was loaded, he brought the keys to the car back to you, told you where it was?

Mr. LUBBES. It was either in front of the hotel or in a filling station or parked around close some place.

Mr. ROBINSON. Was there any occasion when he didn't have the particular type of liquor that you wanted?

Mr. LUBBES. Yes, sir. Lots of times.

Mr. ROBINSON. Did he send you anywhere else to get it?

Mr. LUBBES. If Tri-State Liquor Co. didn't have it, he would send me to East St. Louis, to the Valley Wholesale Distributing Co., of East St. Louis.

Mr. ROBINSON. Do you know who the principal is associated with that company?

Mr. LUBBES. Well, it was—I can't remember his last name. Oh, yes. It was Saul Oslander at that time was the owner or manager, or whatever it was. He's the one I wrote the check for there.

Mr. ROBINSON. Is there anything that created an impression in your mind that Buster Whartman or any of his associates might have some participation in this?

Mr. LUBBES. Well, I don't—I don't know too much about Whartman. But Rubin and him are awful close friends and Mr. Joe Wenger are awful close friends—business associates.

Mr. ROBINSON. Now, after you left Cairo with a load, you would proceed across Missouri; is that correct?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. And did an incident occur at Van Buren?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Will you explain just what that incident was?

Mr. LUBBES. Well, there was a highway patrol that kept trying to shake a few of us down, wanted some money for us coming through there. He knew we had whisky and he wanted us to do something about it—wanted us to give him something. All of us carried guns for our own protection. Well, he stopped us, myself and my driver—one of my drivers; threw us in jail for carrying concealed weapons. Well, the minute he arrested me I called Mr. Rubin and told him that I was in jail and what the charges were. And he said: "Well, I will have a lawyer there inside of an hour or hour and a half, and bond will be there in 2 hours."

Well, the lawyer was there in an hour, hour and a half, something like that, and he had to come from Poplar Bluff. And he talked to the judge, set the bond at \$2,000 and I was turned—then 3 hours

after I had called, they came in with the bond money and I took my truck and went on. And then we tried it later in court, and the judge threw it completely out of court. And that was all there was to it there.

Mr. ROBINSON. Did you hear any comment as to why the judge threw it out?

Mr. LUBBES. Well, they said that the attorney and him were close friends and they got along all right; they didn't have any trouble.

Mr. ROBINSON. Was there any comment with respect to the highway patrolman?

Mr. LUBBES. Well, the highway patrol was later on transferred out of that district so he couldn't bother any of us boys.

Mr. ROBINSON. He was interfering with business?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Did you on occasion in Cairo remain at the warehouse on a Saturday evening in preparation for your load?

Mr. LUBBES. Yes, sir. I have stayed in—slept in the warehouse a few times—lots of times.

Mr. ROBINSON. Was there anything that occurred on that particular Saturday night with respect to envelopes?

Mr. LUBBES. Oh. Well, there was one—I don't remember the exact date. We was getting ready to go out to the Winchester Club, Mr. Rubin's brother Jake and myself, and there on the desk was a bunch of envelopes with money in them, certain names on them. One had "Police," and I don't know what the rest of them were. Well, the special police or city policeman came in, took his, put it in his pocket, and took the rest of the envelopes out to deliver them, I guess. But he took all of the envelopes and put his own in his pocket.

Mr. ROBINSON. Now, the last town in Missouri that you would reach prior to entering Oklahoma would be what town?

Mr. LUBBES. The last town I would leave Missouri would be Noel, Mo.

Mr. ROBINSON. Would you take any special precautions when you reached Noel?

Mr. LUBBES. Yes, sir; I would usually pull into a tourist court, park, call ahead, and have one of my drivers come and meet me. He would run the roads, or either we would have it already arranged what time I would be back and he would usually be sitting there waiting for me, or either, if he wouldn't, I would call ahead and he would run the roads for me.

Mr. ROBINSON. When you say "run the roads," you mean act as a scout car?

Mr. LUBBES. He was more or less a scout car, yes.

Mr. ROBINSON. On one occasion did he report back that the way ahead wasn't clear?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. What did he say in that connection?

Mr. LUBBES. He said the sheriff was sitting, waiting on me.

Mr. ROBINSON. What was the sheriff waiting for? To arrest you?

Mr. LUBBES. He was trying to catch my load.

Mr. ROBINSON. For what purpose?

Mr. LUBBES. Well, it is illegal in the State of Oklahoma to have whisky, and he would confiscate it; was supposed to burn it, but usually they would take and sell it to some other bootlegger.

Mr. ROBINSON. Had he made any such propositions to you with respect to other loads he had confiscated?

Mr. LUBBES. Yes, sir; I could have bought a friend of mine's load, 200 cases, for around \$700.

Mr. ROBINSON. What was the value of the load?

Mr. LUBBES. Oh, it was what we call a cheap load of whisky. It was mostly Red Label, like Seagram's 7, Hill & Hill, Sunnybrook. No bonded whisky at all. What I mean is, I. W. Harper or James E. Pepper.

Mr. ROBINSON. How long did you have to wait on that occasion before your scout car told you the sheriff went home?

Mr. LUBBES. I waited about 8, 10 hours.

Mr. ROBINSON. Do you recall the name of the sheriff?

Mr. LUBBES. Eddie J. Briggs.

Mr. ROBINSON. Was he later prosecuted locally there for irregularities?

Mr. LUBBES. Yes, sir; conspiracy and bribery.

Mr. ROBINSON. Was he convicted? What was that?

Mr. LUBBES. Conspiracy and bribery.

Mr. ROBINSON. Do you recall any outstanding items that he was charged with?

Mr. LUBBES. Yes, sir; operating a wholesale liquor establishment without wholesale liquor license and being a peace officer. He was charged on those counts.

Mr. ROBINSON. Is there anything with respect to a substantial bribe paid to him?

Mr. LUBBES. Oh, the reason he was after me was because I would not pay him. He wanted 25 percent of my business. I told him I wouldn't pay it. And that's why he kept after me.

Mr. ROBINSON. At the time he was convicted, what was your understanding with respect to the sentence that was imposed?

Mr. LUBBES. On the sheriff?

Mr. ROBINSON. That's correct.

Mr. LUBBES. He got 6 months—6 months and \$2,000 fine, I believe.

Mr. ROBINSON. Now, coming up to the point of your last few transactions that you had with Rubin; as a matter of fact, the next-to-the-last load. Did you buy that load for a particular customer?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Was that a customer recommended to you by Mr. Rubin?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Will you state his name?

Mr. LUBBES. Howard Defoor.

Mr. ROBINSON. Will you tell us what you did in connection with paying for that load?

Mr. LUBBES. I wrote him a check, left with it, and was "hysted" off the load.

Mr. ROBINSON. When you say "hysted", you were hijacked?

Mr. LUBBES. I was hijacked.

Mr. ROBINSON. Could you identify the car that hijacked you?

Mr. LUBBES. I know the car, know the man, but I couldn't prove it.

Mr. ROBINSON. How long after the 10-hour wait that you had in the incident you recall was it when you lost this load of liquor?

Mr. LUBBES. Oh, about a month. Maybe not that long.

Mr. ROBINSON. Did you thereafter recover your car?

Mr. LUBBES. Yes.

Mr. ROBINSON. Was your car and was your load taken from you at the point of a shotgun?

Mr. LUBBES. That's right.

Mr. ROBINSON. What did you next do after you lost your load of liquor?

Mr. LUBBES. I went and got a truck; went back after another load.

Mr. ROBINSON. Did you report to Mr. Rubin that you had lost your load of liquor?

Mr. LUBBES. I sure did. Yes, sir.

Mr. ROBINSON. Did he indicate he already knew it?

Mr. LUBBES. He said that he had heard it through the "grapevine" that I had lost it.

Mr. ROBINSON. What did he say about the \$2,600 he was holding?

Mr. LUBBES. He said this: "Let's get out on the road, make some money, and let's get even."

Mr. ROBINSON. In other words, get out on the road and make some profit?

Mr. LUBBES. Yes.

Mr. ROBINSON. Did you thereafter take another load?

Mr. LUBBES. I did. I started for the same man. I delivered it to him; he gave me \$400, he said he would give me the rest "in the morning." Well, I haven't seen him since.

Mr. ROBINSON. Before we get to your customer. How did you take care of the matter with Mr. Rubin?

Mr. LUBBES. I told him I didn't have no more money. He said, Well, he wanted his money, "Let's get even."

Mr. ROBINSON. So you gave him another postdated check?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. For how much money?

Mr. LUBBES. It was around \$3,000.

Mr. ROBINSON. Is it your understanding that the charges on which they seek to take you back to Cairo now are resulting from the two checks held by Mr. Rubin?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. That's your understanding of it?

Mr. LUBBES. That is my understanding.

Mr. ROBINSON. Did you shortly thereafter leave Oklahoma?

Mr. LUBBES. Oh, it was probably a month.

Mr. ROBINSON. Are you running away from anything?

Mr. LUBBES. No, sir.

Mr. ROBINSON. Why did you come to California?

Mr. LUBBES. My wife was here.

Mr. ROBINSON. Have you bought a home out here?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. How long have you lived here?

Mr. LUBBES. I have lived here since July of 1949.

Mr. ROBINSON. How recently have you heard that the authorities back in Cairo are interested in locating you?

Mr. LUBBES. Well, just when I was arrested.



Mr. ROBINSON. Have you made available to me certain checks which you have in your possession with respect to your purchase of liquor?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Do you recognize these as your checks?

Mr. LUBBES. Yes, sir; these are mine.

Mr. ROBINSON. Does that represent all of the checks you disbursed for liquor?

Mr. LUBBES. No, sir. There are probably more still in the bank back there. I sent home for them.

The CHAIRMAN. Let me see those.

Mr. ROBINSON. But insofar as you were able to produce any checks, these are what you happen to have?

Mr. LUBBES. This is what I happened to have. Yes, sir.

Mr. ROBINSON. Mr. Chairman, I would like to offer for the record a listing of the checks in question, extending from February 4, 1948, to February 24, 1949, totaling \$58,311.36.

The CHAIRMAN. That will be made a part of the record.

(Copy of itemization of checks, together with canceled checks, was received in evidence, marked "Exhibit No. 44," and is on file with the committee.)

The CHAIRMAN. Some of these seem to be \$5,000, \$4,400—pretty large checks.

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Mr. Lubbes, in addition to the checks I have listed there, don't you have an \$11,000 check in your pocket?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. That is not included on that list?

Mr. LUBBES. This one was very "hot."

The CHAIRMAN. Very big, too.

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Will you explain the circumstances of that check?

Mr. LUBBES. That was one of Mr. Rubin's personal friends, or I should say business associates. I had been hauling to him and I had been giving him checks all along. Rubin would tell me to take them, that they were all right. Well, that was the largest one I got. He "hit the road" and I haven't seen him. I don't know where he is at. And I paid him out of my own pocket.

Mr. ROBINSON. \$11,025 it is.

Mr. LUBBES. \$11,025.

Mr. ROBINSON. In other words, to make good a check which you had deposited, which in turn you had received from a customer recommended to you by Mr. Rubin?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. This check is dated April 30, 1949, payable to "cash," \$11,025.55, which Sam D. Humphreys had drawn on the Fidelity National Bank, Oklahoma City. Is that correct?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. All right. Anything else, Mr. Robinson?

Mr. ROBINSON. Do you have a check there, which I think should be made a part of the record, Mr. Lubbes, made payable to the Valley Distributing Co. of East St. Louis?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Will you hand that to the chairman, to be made a part of the record.

The CHAIRMAN. They will be made a part of the record.

This check is: Muskogee, Okla., May 4, 1949, Commercial National Bank of Muskogee, Okla., to the Valley Distributing; \$15,248.79; Charles Lubbes, by Eugene R.—

Mr. LUBBES. Palmer.

The CHAIRMAN. Palmer. And it seems to be endorsed by the Valley Distributing and paid to the order of Southern Illinois National Bank, East St. Louis, Ill.

Mr. ROBINSON. As to any of this liquor hauled by you—

Mr. LUBBES. Sir?

Mr. ROBINSON. As to any of this liquor hauled by you, in the event of confiscation would it be possible to trace it back to the source?

Mr. LUBBES. It would be awful hard without—the only way—without the serial numbers were left on the case.

Mr. ROBINSON. And in any event the State of Illinois did not receive State taxes on any of that particular liquor?

Mr. LUBBES. Yes, sir.

Mr. ROBINSON. Mr. Chairman, I would like to read into the record at this point a letter received on the stationery of United States Treasury Department, dated February 6, 1951, addressed to you.

The CHAIRMAN. Read the pertinent parts and make the letter a part of the record.

(Letter from Acting Commissioner Fred S. Martin, Office of Commissioner of Internal Revenue, addressed to Senator Kefauver under date of February 16, 1951, was received in evidence and marked "Exhibit No. 45.")

Mr. ROBINSON (reading):

Reference is made to your letter of February 12, 1951, addressed to Mr. Carroll E. Mealey, Deputy Commissioner, Alcohol Tax Unit, Bureau of Internal Revenue, requesting information regarding certain specified liquor dealers located in Cairo and East St. Louis, Ill., as follows: (a) The ownership of each company, and (b) whether the company has been under investigation by the Alcohol Tax Unit.

In reply thereto, the Southern Wholesale Liquor Co., 1611 Commercial Avenue, Cairo, Ill., is owned by Jake S. Rubin, who is the successor in business to his brother, Hyman A. Rubin, having taken over the business in the early part of 1950. This company has been under surveillance for the past several years due to their so-called export activity through the sale of liquor at their place of business to persons who operate a business in or who reside in dry States or dry counties in wet States. No criminal prosecution or administrative action against their permit has been instituted since no evidence was uncovered showing violations of the internal revenue liquor laws.

Rex Package Stores (retail), 230 Sycamore Street and 706 Washington Street, Cairo, Ill., are owned by Sylvia Rubin, 2114½ Walnut Street, Cairo, Ill. These stores are subject to retail liquor dealer inspections.

The Tri-State Liquor Co., 401 Ohio Street, Cairo, Ill., was owned by Leo Terrell. This company discontinued business July 16, 1949, selling the remainder of its stock, consisting of slightly over 100 cases of assorted merchandise, to J. B. Wenger Co.

The Valley Distributing Co., 228 North Seventh Street, East St. Louis, Ill., was incorporated in the State of Illinois March 19, 1949; 1,000 shares of stock have been issued. Fred Mueller, president and director, 511 East Jefferson Street, Springfield, Ill., holds 998 shares of the stock. Eda Mueller, secretary, treasurer, and director, 511 East Jefferson Street, Springfield, Ill., holds one share of stock. M. J. Daugherty, director, 511 East Jefferson Street, Springfield, Ill., holds one share of stock. Available records indicate that the present ownership of this company has not been involved in any violations of the internal revenue liquor laws.

I have no further questions of this witness.

The CHAIRMAN. Mr. Rice?

Mr. RICE. No questions.

The CHAIRMAN. Mr. Lubbes, do you know how many operators there were like you dealing with Mr. Rubin?

Mr. LUBBES. I don't know exactly. There were, I would say, between 35 and 40. That was going into Oklahoma and Kansas.

The CHAIRMAN. You mean 35 or 40 so-called runners going into Oklahoma and Kansas?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. And Cairo, I might say (this is pretty far removed from California), has been one of the spots with which all of the dry States in the Southeast and Oklahoma and Kansas have had a lot of trouble. The liquor is shipped out of Cairo into dry States or into dry counties in States where they have local option, upon which the tax in the State where it is shipped is not paid.

Is that correct?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. In other words, the liquor after it gets there is bootlegged by the person to whom you deliver it?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. Aside from Oklahoma and Kansas, where you think there were 35 or 40 for Mr. Rubin, do you know how many he had going into other States like Tennessee or Mississippi or some of the Southern States?

Mr. LUBBES. I would say he would have that many more going into Tennessee and Mississippi.

The CHAIRMAN. And you got acquainted with some of these other people, did you?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. You knew their operations?

Mr. LUBBES. Fairly well. Yes, sir.

The CHAIRMAN. Did they have large equipment, like you did, for this purpose?

Mr. LUBBES. They had larger equipment than that.

The CHAIRMAN. What kind of equipment would they have?

Mr. LUBBES. They usually have 2½-ton truck, semitrailer, where they could haul five and six hundred cases at a time.

The CHAIRMAN. How much would a load like that be worth?

Mr. LUBBES. Oh, their loads usually run between twenty-five and thirty thousand dollars.

The CHAIRMAN. I am not asking you names at this time, but were there other people in Cairo in the same business of selling it to dry States like Mr. Rubin?

Mr. LUBBES. There was J. B. Wenger and the Tri-State Liquor Co., Charles Smith—was the only one I knew.

The CHAIRMAN. Unless you know that of your own knowledge, don't state.

Mr. LUBBES. Yes, sir.

The CHAIRMAN. Do you know that of your own knowledge?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. You knew people who worked for them?

Mr. LUBBES. Well, yes, sir.

The CHAIRMAN. I think their names are in our record also. What are you doing now, Mr. Witness?

Mr. LUBBES. I am working with a construction company.

The CHAIRMAN. You have gotten out of this business and you are making an honest living?

Mr. LUBBES. Yes, sir.

The CHAIRMAN. How much education did you have?

Mr. LUBBES. High-school education, sir.

The CHAIRMAN. Anything else?

Mr. RICE. No questions.

The CHAIRMAN. That is all. Thank you very much.

Mr. RICE. John Prunty.

The CHAIRMAN. Mr. John Prunty, please.

Do you swear the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRUNTY. I do.

The CHAIRMAN. Now, sir, you are his counsel?

Mr. SAY. Correct.

The CHAIRMAN. Will you come around with him.

Sit down, Mr. Prunty.

Tell me your name.

Mr. SAY. L. Kenneth Say; S-a-y.

The CHAIRMAN. Of Fresno?

Mr. SAY. Security Bank Building.

The CHAIRMAN. Very well. Let's get on.

**TESTIMONY OF JOHN PRUNTY, OF JOHN PRUNTY INSURANCE CO., FRESNO, CALIF., ACCOMPANIED BY KENNETH L. SAY, ATTORNEY, FRESNO, CALIF.**

Mr. RICE. Where do you live, Mr. Prunty?

Mr. PRUNTY. Fresno.

Mr. RICE. In Fresno. At what address?

Mr. PRUNTY. 815 Andrews.

Mr. RICE. And what is your business, sir?

Mr. PRUNTY. Insurance.

Mr. RICE. Insurance business. And what is the name of the company?

Mr. PRUNTY. John Prunty Insurance Co.

Mr. RICE. John Prunty Insurance Co. Have you been in that business a long time?

Mr. PRUNTY. Yes. Since 1936.

Mr. RICE. Since 1936. And did you engage in another business for a time?

Mr. PRUNTY. Yes. I was in the dried fruit business, making alcohol from dates.

Mr. RICE. You were extracting alcohol from dates?

Mr. PRUNTY. Yes.

Mr. RICE. And in connection with that was there a man by the name of Craig involved?

Mr. PRUNTY. Yes, there was.

Mr. RICE. What is his name?

Mr. PRUNTY. Duke Craig.

Mr. RICE. Duke Craig?



Mr. PRUNTY. Yes, sir.

Mr. RICE. All right, sir. Bringing you down to a transaction in connection with a hotel with Annie Schultz, tell us about that as briefly as you can.

Mr. PRUNTY. I loaned some money to Mrs. Schultz.

Mr. RICE. Well now, first of all, how did you come to meet Annie Schultz?

Mr. PRUNTY. I was introduced to her by Mr. Sanford.

Mr. RICE. By whom?

Mr. PRUNTY. Mr. Sanford.

Mr. RICE. Is that Holden Sanford?

Mr. PRUNTY. Right.

Mr. RICE. And what is his job?

Mr. PRUNTY. He is with the Tax Bureau.

Mr. RICE. He is with the Internal Revenue Bureau?

Mr. PRUNTY. Internal Revenue Tax Bureau.

Mr. RICE. And is Schultz also known as "Tugboat Annie"?

Mr. PRUNTY. That I don't know.

Mr. RICE. Have you ever heard that term used about her?

Mr. PRUNTY. No.

Mr. RICE. What did Sanford tell you about Annie Schultz?

The CHAIRMAN. Let's call her "Annie Schultz." Just tell us what the transaction was, Mr. Prunty.

Mr. RICE. Well, had you met Sanford in connection with this Craig situation? Is that the idea?

Mr. PRUNTY. I had met Mr. Sanford in Fresno.

Mr. RICE. In Fresno?

Mr. PRUNTY. Yes.

Mr. RICE. In connection with what?

Mr. PRUNTY. Oh, it was during the Craig trial that I met him.

Mr. RICE. During the Craig trial?

Mr. PRUNTY. Yes.

Mr. RICE. What type of trial was that?

Mr. PRUNTY. That was an Al—the Alcohol Tax Unit was questioning the Arvin Winery.

Mr. RICE. Yes. And Sanford was involved in the investigation of that?

Mr. PRUNTY. That I don't know.

Mr. RICE. How did you come to meet him?

Mr. PRUNTY. Mr. Clements introduced me to him, who was an investigator for the Alcohol Tax Unit.

Mr. RICE. You met him through Clements?

Mr. PRUNTY. Yes, sir.

Mr. RICE. How did Mr. Sanford happen to introduce you to Annie Schultz?

The CHAIRMAN. Did you get to know Mr. Sanford quite well? Did you get to be big friends?

Mr. PRUNTY. Well, we were friends.

The CHAIRMAN. I mean, did you visit one another in your homes?

Mr. PRUNTY. Yes, yes.

The CHAIRMAN. Back and forth?

Mr. PRUNTY. Yes.

The CHAIRMAN. You got to be on fairly intimate terms?

Mr. PRUNTY. That's right.

The CHAIRMAN. Go ahead.

Mr. RICE. All right, sir. What was the purpose of Sanford's introducing you to Annie Schultz?

Mr. PRUNTY. Well, he just introduced me to her.

Mr. RICE. For what reason? Did you look her up——

Mr. PRUNTY. No.

Mr. RICE. Or did he suggest that you could get into a business transaction together, or what was the idea?

Mr. PRUNTY. Yes; that's right.

Mr. RICE. Speak up and tell us us about it a little bit, sir.

The CHAIRMAN. When did he introduce you, and where were you and where was he?

Mr. PRUNTY. We were in a hotel in Salinas.

The CHAIRMAN. Was he already there?

Mr. PRUNTY. Yes; he was there. And I went there.

The CHAIRMAN. Did he call you to come down there?

Mr. PRUNTY. He told me to meet him there.

The CHAIRMAN. You mean, before he left Fresno he told you to meet him in Salinas?

Mr. PRUNTY. No. I called him on the phone. He was staying in Monterey, and I called him and asked him where I could meet him. And he said that he would be in Salinas.

The CHAIRMAN. He had already told you something about the deal prior to that time; is that correct? I mean, he had gotten you interested in it? Why did you want to meet him at Salinas at all?

Mr. RICE. Did he ask you if you were interested in a deal where you could make 50 percent interest on your money?

Mr. PRUNTY. He asked me if I would be interested in making some good interest on my money.

Mr. RICE. Yes. And what did he explain about that? Did he say it was 50 percent?

Mr. PRUNTY. No.

Mr. RICE. What percentage did he say?

Mr. PRUNTY. He didn't say what percentage.

Mr. RICE. Just "good interest." And what did he tell you? What was the proposition?

Mr. PRUNTY. He asked me if I would be interested in loaning——. Let's see. I just don't recall exactly what it was.

Mr. RICE. Well, you lost some money in the deal, didn't you?

Mr. PRUNTY. I did.

Mr. RICE. Well, tell us what it was. You remember that much.

Mr. PRUNTY. I do.

Mr. RICE. What was the proposition? You were to invest money or to lend money?

Mr. PRUNTY. I was to loan some money for a hotel and I was to get a percentage of the net profit in the hotel.

Mr. RICE. You were to get a percentage.

Mr. PRUNTY. Yes.

Mr. RICE. What percentage were you to get?

Mr. PRUNTY. Well, I was of the opinion that I would get 50 percent.

Mr. RICE. You would get 50 percent of the profits?

Mr. PRUNTY. That's right. The net profits.

Mr. RICE. All right. What figure was mentioned as your investment?

Mr. PRUNTY. I think it was about \$12,500.

Mr. RICE. That would be your investment. Was a particular hotel mentioned?

Mr. PRUNTY. Yes.

Mr. RICE. What was that?

Mr. PRUNTY. The Hueneme Hotel.

Mr. RICE. The Hueneme Hotel?

Mr. PRUNTY. That's right.

Mr. RICE. And that is in Salinas?

Mr. PRUNTY. No. That is in Hueneme.

Mr. RICE. And is there a military installation near there?

Mr. PRUNTY. Yes; there is.

Mr. RICE. I see. And who was to run the hotel, operate the hotel?

Mr. PRUNTY. The woman whom I loaned the money to.

Mr. RICE. Annie Schultz?

Mr. PRUNTY. Yes.

Mr. RICE. You were not to operate it yourself?

Mr. PRUNTY. No. I was to have nothing to do with it.

Mr. RICE. All right. In furtherance of that arrangement did you put up some money?

Mr. PRUNTY. I did.

Mr. RICE. And to whom did you give the money?

Mr. PRUNTY. I gave it to the men who owned the hotel.

Mr. RICE. To the man who owned the hotel?

Mr. PRUNTY. Yes.

Mr. RICE. And you bought the hotel then; is that the idea?

Mr. PRUNTY. No. It was a lease.

Mr. RICE. You leased the hotel?

Mr. PRUNTY. Yes.

Mr. RICE. Is this a photograph of the hotel?

Mr. PRUNTY. That's right.

The CHAIRMAN. Exhibit No. 46.

(Photograph of Hueneme Hotel was received in evidence, marked "Exhibit No. 46," and is on file with the committee.)

Mr. RICE. Now I have here a check dated August 16, 1948, drawn to Mac Gilson and Morris Gottleid, for \$10,000——

Mr. PRUNTY. That's right.

Mr. RICE. Over your signature, on the Security-First National Bank of Los Angeles. Was that in connection with the lease?

Mr. PRUNTY. That's right. That's right.

The CHAIRMAN. Make that exhibit No. 47.

(Photostatic copy of check dated August 16, 1948, drawn by John Prunty in favor of Mac Gilson and Morris Gottlied, for \$10,000, was received in evidence, marked "Exhibit No. 47," and is on file with the committee.)

Mr. RICE. All right, sir. I take it, then, that in furtherance of the lease and the arrangements that you had with Schultz, the operation of the hotel was taken over and business commenced; is that right?

Mr. PRUNTY. That's right.

Mr. RICE. How long did the hotel run?

Mr. PRUNTY. Oh, I would say approximately a month.

Mr. RICE. Approximately a month. And what happened?

Mr. PRUNTY. They were stopped by the law.

Mr. RICE. And the law stopped the hotel from running?

Mr. PRUNTY. That's right.

Mr. RICE. On what grounds?

Mr. PRUNTY. They claimed that she was running a house of prostitution.

Mr. RICE. They claimed that Annie Schultz was running a house of prostitution?

Mr. PRUNTY. That's right.

Mr. RICE. Did she have a previous record for things like that?

Mr. PRUNTY. That I don't know.

Mr. RICE. All right. There was another payment of about twenty-five or twenty-six hundred in addition to this \$10,000, wasn't there, sir?

Mr. PRUNTY. There was.

Mr. RICE. And what was that for?

Mr. PRUNTY. Well, she wanted that as—she said she had to have that as money to carry on the business, to run the hotel.

Mr. RICE. I beg your pardon?

Mr. PRUNTY. To run the hotel. The \$10,000—

The CHAIRMAN. Operating capital?

Mr. PRUNTY. Operating capital.

Mr. RICE. Was anything said about needing that money for protection?

(No response.)

Was anything said about needing that money for protection?

Mr. PRUNTY. Yes; there was.

Mr. RICE. What was said?

Mr. PRUNTY. She said that she would need that money for—to get started in business, to fix up the place of business, and things like that.

Mr. RICE. Yes. And to whom would the protection money be paid?

Mr. PRUNTY. I don't know about that.

Mr. RICE. Was it to the law?

Mr. PRUNTY. Well, I don't know.

Mr. RICE. Yes. Did you put up the money?

Mr. PRUNTY. Yes. I gave her the twenty-five hundred.

Mr. RICE. You put up the \$2,500. And I think we have another check here for "Cash."

Mr. PRUNTY. That's right.

Mr. RICE. All right, sir. What happened? What happened, if she arranged the protection and it only ran a month? Was there a slip-up there or something?

Mr. PRUNTY. Well, I don't know.

Mr. RICE. You don't know. Didn't you ask some questions about that?

Mr. SAY. Wouldn't that be irrelevant? I object to that on that ground.

Mr. RICE. Well, he has a big investment here.

Mr. SAY. I know. But this is purely a State matter. I object to it upon the ground that it is irrelevant.



The CHAIRMAN. Let us put it this way: Did you make some inquiry?

Mr. PRUNTY. Yes.

The CHAIRMAN. If he did, all right. Let's proceed to something else.

Mr. RICE. All right, sir. I take it as a result of that you lost some money?

Mr. PRUNTY. Yes; I did.

Mr. RICE. And that's the end of that situation. You had some——

The CHAIRMAN. Before you go on to anything else I would like to get a little bit better in my mind just where Mr. Sanford came into this matter.

You had gotten to know him in the Craig case quite well, you became good friends, and back in Fresno he had told you about this proposition. Is that the situation?

Mr. PRUNTY. He just asked me if I would be interested.

The CHAIRMAN. He asked you if you would be interested. At that time you understood that he was investigating the Malloy matter?

Mr. PRUNTY. I don't remember what it was.

The CHAIRMAN. Something between Annie Schultz and a man by the name of Malloy?

Mr. PRUNTY. I don't recall.

The CHAIRMAN. You didn't know about that?

Mr. PRUNTY. No.

The CHAIRMAN. Anyway, he was investigating some matter about Annie Schultz. You understood that?

Mr. PRUNTY. Yes.

The CHAIRMAN. And had gotten to know her in that way?

Mr. PRUNTY. Yes.

The CHAIRMAN. And so, then, you talked it over and you thought she might be interested, and you were in Fresno. And where did you call him? Where was he when you called?

Mr. PRUNTY. Monterey.

The CHAIRMAN. He was in Monterey. And then what transpired? He said that he would get you in touch with Annie Schultz and you told him then to meet you somewhere?

Mr. PRUNTY. I was driving over there and I asked him where I would see him, and he told me.

Senator KEFAUVER. At Salinas?

Mr. PRUNTY. That's right.

The CHAIRMAN. And then when you met him at Salinas, where did you meet him?

Mr. PRUNTY. Oh, I have forgotten the name of the address. It was in some hotel. I don't know.

The CHAIRMAN. It was in some hotel?

Mr. PRUNTY. Yes.

The CHAIRMAN. And was Annie Schultz there?

Mr. PRUNTY. Yes.

The CHAIRMAN. And he introduced you to her?

Mr. PRUNTY. Yes.

The CHAIRMAN. And where did you go for the conversation? To a hotel room?

Mr. PRUNTY. No. We were standing in the room, and we just stood there and talked.

The CHAIRMAN. You mean in the lobby of the hotel?

Mr. PRUNTY. No. It was—oh, it was in a room where there was a desk. That's all I remember.

The CHAIRMAN. But it was in the hotel?

Mr. PRUNTY. Yes.

The CHAIRMAN. Did you understand that that was her hotel or somebody else's hotel?

Mr. PRUNTY. She said that it was hers.

The CHAIRMAN. That it was hers?

Mr. PRUNTY. Yes.

The CHAIRMAN. And then did Mr. Sanford stay there while you made your arrangements?

Mr. PRUNTY. I think he went into another room. He wasn't present while we were talking.

The CHAIRMAN. But he stayed around in the hotel until you got through talking; is that correct?

Mr. PRUNTY. I think he was working on some books or something.

The CHAIRMAN. Anyway, he stayed there until you finished your conversation. How long did he stay with you and Annie Shultz while you were making the deal?

Mr. PRUNTY. Just a few minutes.

The CHAIRMAN. Did he say "Here is the man that I have been talking about, and you all might be able to do some business"? Something of that sort? Was that the way it was?

Mr. PRUNTY. And she asked me if I had some money that I would like to loan at a good rate of interest.

The CHAIRMAN. But it wasn't loaned on the basis of interest; it was percentage of profit, wasn't it?

Mr. PRUNTY. Well, she said "a good rate of interest," and that was all.

The CHAIRMAN. But you finally came to terms on 50 percent of the net profit. Fifty-fifty were the final terms?

Mr. PRUNTY. When the hotel was leased I was to get 50 percent of the net profits from the hotel.

The CHAIRMAN. And then you did not take any note? There was no partnership paper drawn up or anything of that sort?

Mr. PRUNTY. No.

The CHAIRMAN. After you made your arrangement, when did you see Mr. Sanford again? Did you see him that day?

Mr. PRUNTY. I don't recall whether I did or not.

The CHAIRMAN. Anyway, did you report to him that this had been successful, that you had worked the matter out?

Mr. PRUNTY. No. Because it had not been successful, because this was arranged later.

The CHAIRMAN. I mean, after you finally arranged it, did you tell him about it?

Mr. PRUNTY. No.

The CHAIRMAN. But you did talk with him from time to time after the first meeting about the matter?

Mr. PRUNTY. There was some talk about it but nothing was ever done about it.

The CHAIRMAN. All right, Mr. Rice. Let's get on very briefly about the rest.

Mr. RICE. All right, sir. During the period around 1946 to 1947 you were involved in this alcohol extraction business with Craig; is that correct?

Mr. PRUNTY. That's right.

Mr. RICE. And as a result of that enterprise did you have a tax problem, a tax investigation——

Mr. PRUNTY. I did.

Mr. RICE. Conducted concerning your income?

Mr. PRUNTY. I did.

Mr. RICE. And in connection with that did you get advice from a tax consultant?

Mr. PRUNTY. Sure.

Mr. RICE. And who was that?

Mr. PRUNTY. Well, different ones.

Mr. RICE. Well, was Rex Blom one of them?

Mr. PRUNTY. Yes.

Mr. RICE. And what were the arrangements with Blom?

Mr. PRUNTY. Do you mean what fee I paid him?

Mr. RICE. No, sir. Who was Blom?

Mr. PRUNTY. Well, he was a man I met in Sacramento.

Mr. RICE. And he was a former internal revenue agent, wasn't he?

Mr. PRUNTY. Well, that I know now but I didn't then.

Mr. RICE. Yes. Why did you seek him out? Who directed you to him?

Mr. PRUNTY. I had met him in Sacramento at the State chamber of commerce meeting and he was the tax adviser for the State chamber of commerce.

Mr. RICE. And was it at that time——

Mr. PRUNTY. That was when I met him later.

Mr. RICE. Or was it later when he was with the chamber of commerce?

Mr. PRUNTY. It was before.

Mr. RICE. All right. He was a tax adviser. And then you met him at that time and secured his services to take care of your tax difficulty; is that right?

Mr. PRUNTY. I was seeking his advice.

Mr. RICE. Now then, what were the fee arrangements on that?

Mr. PRUNTY. I gave him \$4,000.

Mr. RICE. You gave him \$4,000. Was that a flat fee? Did he name the figure and say "It will cost you \$4,000 to take care of the case," or what?

Mr. PRUNTY. He just said——

Mr. RICE. I beg your pardon?

Mr. PRUNTY. I asked him what he thought it was worth, and he said, "Well"—he asked me first how much I had paid another firm, and I told him. And he said, "Well, how about \$4,000?" I said "That's all right with me."

Mr. RICE. A fee of \$4,000 was arranged. Was that to be his own fee or did that include expenses or fees to other people? What was the arrangement on that?

Mr. PRUNTY. That was his own fee.

Mr. RICE. That was his own fee?

Mr. PRUNTY. That's right.

Mr. RICE. Now then, was Blom a friend of Sanford?

Mr. PRUNTY. Well, that I don't know. I didn't know at that time, but apparently he is.

Mr. RICE. Yes. Well now, later on did it come to your attention that Blom and Sanford were friends?

Mr. PRUNTY. I was told that they were friends. I don't recall how I learned that.

Mr. RICE. Weren't you ever with them together?

Mr. PRUNTY. Yes; I have been with them together.

Mr. RICE. Well, you know they are friends, then, don't you?

Mr. PRUNTY. I know that they are now.

Mr. RICE. During that time didn't you take a trip with Blom and Sanford?

Mr. PRUNTY. I took a—no; I did not.

Mr. RICE. Did you ever take a trip with Blom and Sanford?

Mr. PRUNTY. No.

Mr. RICE. Did it come to your attention that a fellow by the name of Coe was working with Sanford?

Mr. PRUNTY. Yes.

Mr. RICE. And did they take a trip?

Mr. PRUNTY. I took a trip with Coe and Sanford.

Mr. RICE. You took a trip with Coe and Sanford?

Mr. PRUNTY. That's right.

Mr. RICE. And where was that trip to?

Mr. PRUNTY. From Los Angeles south, to and including Indio.

Mr. RICE. And who was Coe?

Mr. PRUNTY. He was an investigator for the Bureau of Internal Revenue.

Mr. RICE. He and Sanford were working together, weren't they?

Mr. PRUNTY. Yes.

Mr. RICE. What was his first name?

Mr. PRUNTY. Jim.

Mr. RICE. Jim Coe. So that you took a trip. I think you went down to Palm Springs, didn't you?

Mr. PRUNTY. That's right.

Mr. RICE. With Coe and Sanford?

Mr. PRUNTY. That's right.

Mr. RICE. And who paid the check?

Mr. PRUNTY. What check?

Mr. SAY. You mean at Palm Springs, Mr. Rice?

Mr. RICE. Yes.

Mr. SAY. You mean the hotel expenses at Palm Springs?

Mr. RICE. Yes; the hotel.

Mr. PRUNTY. As I recall, I did.

Mr. RICE. And you paid for the whole party: for Coe, for Sanford, and you? You paid the bill, didn't you?

Mr. PRUNTY. I paid the hotel bill.

Mr. RICE. Yes; that's right.

Mr. PRUNTY. They later reimbursed me.

Mr. RICE. Did they later reimburse you?

Mr. PRUNTY. Yes.

Mr. RICE. Are you sure about that?



Mr. PRUNTY. I certainly am.

Mr. RICE. How much was the bill?

Mr. PRUNTY. I don't recall.

Mr. RICE. Well, approximately how much?

Mr. PRUNTY. We were there for about 4 or 5 days.

Mr. RICE. It was over \$300, wasn't it?

Mr. PRUNTY. I don't know. The records are available.

Mr. RICE. Yes. All right.

Senator KEFAUVER. Well, you have the record. How much was it?

Mr. RICE. \$299.14 for one room.

The CHAIRMAN. Well, let's just say it was over \$300.

Mr. RICE. Now, sir, going back to your arrangements with Blom. Do you recall how you paid Blom the fee? Was it by check or cash?

Mr. PRUNTY. I paid him by cash.

Mr. RICE. You paid him by cash. Four thousand dollars in cash?

Mr. PRUNTY. Uh-huh. [Affirmative.]

Mr. RICE. And do you remember where you were when you paid the fee? Were you in an automobile?

Mr. PRUNTY. I don't recall. I was in Fresno.

Mr. RICE. Were you in an automobile?

Mr. PRUNTY. I don't recall.

Mr. RICE. Is it possible that you were in an automobile?

Mr. SAY. That question has been asked and answered. He doesn't remember, Mr. Rice. That is the answer.

Mr. RICE. I am suggesting that possibly it was in an automobile. Does that help to refresh your recollection?

Mr. PRUNTY. I don't recall where it was.

The CHAIRMAN. Well, was it on this trip? From the time you left Fresno, you went down to Los Angeles and went over to Palm Springs.

Mr. PRUNTY. It was not.

The CHAIRMAN. Did you pay him on that trip?

Mr. SAY. Pardon me. He wasn't on the trip. That was Coe and Sanford.

The CHAIRMAN. That's right. That's right. I am sorry.

Mr. RICE. All right, sir. Now, what became of your tax case?

Mr. PRUNTY. As far as I know it was settled.

Mr. RICE. It was settled?

Mr. PRUNTY. Yes, sir.

Mr. RICE. And were you ever prosecuted in connection with that?

Mr. PRUNTY. No.

Mr. RICE. And when you say "settled," settled by payment of an assessment? A penalty?

Mr. PRUNTY. I paid some interest and whatever the additional tax was that I owed.

Mr. RICE. You paid the additional tax and some interest?

Mr. PRUNTY. Plus interest; yes.

Mr. RICE. And the case was settled and closed out through, do you call it, a compromise?

Mr. PRUNTY. No, not—I don't know. I just went over to the office over here with Mr. Coe, and it was taken care of.

Mr. RICE. Mr. Coe. Who was handling the case in the office of the internal revenue?

Mr. PRUNTY. I don't know.

Mr. RICE. Whom did you deal with over there?

Mr. PRUNTY. I don't know.

Mr. RICE. You can't remember that?

Mr. PRUNTY. No; I don't.

Mr. RICE. But did Coe take you over there?

Mr. PRUNTY. Yes.

Mr. RICE. How about Sanford? Was he around?

Mr. PRUNTY. No.

The CHAIRMAN. How much did you pay on your tax settlement? Do you recall?

Mr. PRUNTY. I don't recall.

The CHAIRMAN. I mean, How much were the interest and the extra tax?

Mr. PRUNTY. I think the tax was \$16,000. That may have been including the interest; I don't recall.

The CHAIRMAN. Sixteen or seventeen thousand.

Mr. PRUNTY. Yes.

The CHAIRMAN. Did you have to pay a fraud penalty?

Mr. PRUNTY. No; I did not. There was no fraud.

The CHAIRMAN. That is a pretty good fee, \$4,000, to handle a \$16,000 case. As a matter of fact this fellow Blom didn't do much for you, did he? He didn't do a whole lot of work on your case.

Mr. PRUNTY. I didn't think it was particularly large. I paid others comparable amounts.

The CHAIRMAN. You didn't have any court litigation. It didn't get into court.

Mr. PRUNTY. I was never in court.

The CHAIRMAN. It was a matter of some little going over your books and the thing was settled, and that was the end of it?

Mr. PRUNTY. That's right.

The CHAIRMAN. Is that about the size of it?

Mr. PRUNTY. That's right. I had some attorneys on it.

The CHAIRMAN. You paid your attorneys, though, did you not?

Mr. PRUNTY. Yes.

The CHAIRMAN. He did not pay the attorneys?

Mr. PRUNTY. No.

The CHAIRMAN. Go ahead, Mr. Rice.

Mr. RICE. How much time did Blom spend in examining your books and records, Mr. Prunty?

Mr. PRUNTY. I don't recall. It was a few days.

Mr. RICE. A few days?

Mr. PRUNTY. Yes.

Mr. RICE. Would you say 2 or 3 days?

Mr. PRUNTY. Yes; it was that long.

Mr. RICE. All day? All day, 2 or 3 days?

Mr. PRUNTY. Yes.

Mr. RICE. All right, sir. Do you have a brother-in-law?

Mr. PRUNTY. I have several brothers-in-law.

Mr. RICE. In business with you?

Mr. PRUNTY. No.

Mr. RICE. Did you have a brother-in-law in business with you?

Mr. PRUNTY. No.

Mr. RICE. Did there come a time—you don't have a brother-in-law, you say?

Mr. PRUNTY. I have several brothers-in-law.

Mr. RICE. What are their names?

Mr. SAY. In order to save time, if you mention the name, we will probably accommodate you, Mr. Rice, as to which brother-in-law.

Mr. RICE. Do you have a brother-in-law whom you consulted with about this tax case?

Mr. PRUNTY. No.

Mr. RICE. No?

(Mr. Prunty shaking head negatively.)

Mr. RICE. Do you have a brother-in-law in Los Angeles?

Mr. PRUNTY. I have not.

Mr. RICE. No brother-in-law in Los Angeles. Might I suggest to you that we have information that you received a letter from a brother-in-law advising that it looked like you would have to pay off Sanford in connection with your tax case. Does that mean anything to you?

Mr. SAY. Have you the letter?

Mr. RICE. I am asking a question, counsel.

Mr. SAY. Very well. Go ahead.

Mr. PRUNTY. Do you have a what?

Mr. RICE. If I should suggest to you that there was a letter from your brother-in-law suggesting that you would have to pay off Sanford to take care of the tax case, would that mean anything to you?

Mr. PRUNTY. No. Because Sanford wasn't investigating me. It was Mr. Coe.

Mr. RICE. Sanford and Coe were together on this trip with you, were they not?

Mr. PRUNTY. Yes.

The CHAIRMAN. Did you get such a letter?

Mr. PRUNTY. I don't recall getting any letter like that.

Mr. RICE. Is it possible?

Mr. PRUNTY. No; I don't think so.

Mr. RICE. All right, sir. Was there anything to the story, then, that you had to take care of either Sanford or Coe in connection with fixing the tax case?

Mr. PRUNTY. There was not.

Mr. SAY. Senator, I don't think the question is proper. Is there "anything" to it? Ask him if he paid anything. I have no objection to that. But a question like that is too complex for anybody to answer.

The CHAIRMAN. All right. I think he understands it.

Did they get anything of value in connection with your case?

Mr. PRUNTY. They did not.

Mr. RICE. Other than paying the hotel bill on the trip. How about the other expenses on the trip?

Mr. PRUNTY. As far as I know they paid their own.

Mr. RICE. You were with them.

The CHAIRMAN. Whose car were you with?

Mr. PRUNTY. We were in my car.

The CHAIRMAN. In your car?

Mr. PRUNTY. Yes.

The CHAIRMAN. Did you drive them down from Fresno?

Mr. PRUNTY. No; I met them in Los Angeles and drove them from Los Angeles and returned them to Los Angeles.

The CHAIRMAN. Was it prearranged that you would meet them in Los Angeles?

Mr. PRUNTY. I rather think it was.

The CHAIRMAN. You planned this trip for some time?

Mr. PRUNTY. Not for very long, I don't believe.

The CHAIRMAN. On another occasion when Blom and Sanford went over to Palm Springs, they called you in order to get in at the Raquet Club; didn't they? They called you to get them a reservation at the Raquet Club?

Mr. PRUNTY. Mr. Sanford called me and asked me if I would call and get him a reservation there.

The CHAIRMAN. Called you from Los Angeles?

Mr. PRUNTY. I think it was Los Angeles.

The CHAIRMAN. And you called down to Palm Springs and got a reservation for them?

Mr. PRUNTY. I called the Raquet Club and asked if they would be allowed to stay there.

The CHAIRMAN. What is this Raquet Club? Is that a private club?

Mr. PRUNTY. Yes.

The CHAIRMAN. Are you a member of it?

Mr. PRUNTY. Yes.

Mr. SAY. Pardon me, Senator. That is spelled R-a-q-u-e-t.

The CHAIRMAN. Anyway, they were in Los Angeles during this same period of time, were they not? I mean, was this before or after you and Sanford and Coe had gone over that Mr. Sanford—

Mr. PRUNTY. I think it was after.

The CHAIRMAN. Called you and said that he and Mr. Blom wanted to go over to Palm Springs and said they would like very much to stay at the Raquet Club?

Mr. PRUNTY. He didn't say who was going with him.

The CHAIRMAN. Anyway, for himself and someone else?

Mr. PRUNTY. He didn't say so. He said, for himself.

The CHAIRMAN. Anyway, you got them a reservation of more than one room?

Mr. PRUNTY. I just called and said that Mr. Sanford would be there and asked him if they would extend them the courtesy of giving him a room—renting him a room.

The CHAIRMAN. All right. Anything else?

Mr. RICE. I have no further questions.

The CHAIRMAN. Anything else?

Mr. ROBINSON. No.

The CHAIRMAN. Is there anything you want to say, Mr. Prunty, or you want to ask him, Mr. Counsel?

Mr. SAY. No; I think that covers it. Thank you very much.

The CHAIRMAN. Wait just a minute.

Mr. PRUNTY. was there some matter about an automobile between you and Mr. Blom, too?

Mr. PRUNTY. An automobile?

The CHAIRMAN. Yes. Did you give him an automobile?

Mr. PRUNTY. No.

The CHAIRMAN. There wasn't any automobile deal?

Mr. PRUNTY. No.



The CHAIRMAN. There was a \$300 check in addition to the \$4,000; was there not?

Mr. PRUNTY. Yes, there was.

The CHAIRMAN. What was that \$300 for?

Mr. PRUNTY. Well, he came back later on and I gave him another \$300.

The CHAIRMAN. And there wasn't any securing of an automobile or transfer of an automobile? Is \$4,300 all of value that you gave Mr. Blom?

Mr. PRUNTY. That's right. That's right.

Mr. RICE. What was the \$300 for? What did he tell you he needed that for?

Mr. PRUNTY. Well, he came back and we were filing my return, and I said: "Well, Rex, how are you fixed for money?" He said "I"—

Mr. RICE. He said what?

Mr. PRUNTY. I said: "Rex, do I owe you any more money?" He said: "Yes. I could use another \$300 or something like that." No, he said—I said: "How would \$300 be?" And he said: "That's all right." So I gave him \$300.

The CHAIRMAN. That was after the case was settled?

Mr. PRUNTY. I don't remember when it was.

The CHAIRMAN. When did the case finally get settled?

Mr. PRUNTY. I don't recall.

The CHAIRMAN. Six months ago?

Mr. PRUNTY. I don't know.

The CHAIRMAN. Well, you ought to have some idea. It has been fairly recently; hasn't it?

Mr. PRUNTY. It has been 3 or 4 years ago, I think.

The CHAIRMAN. All right. Thank you, sir. That is all.

Mr. SAY. Let the record show that there was no fraud prosecution in the case.

The CHAIRMAN. Yes, we understand. There was no fraud penalty paid and no fraud prosecution.

Mr. SAY. Just the interest, plus the tax.

The CHAIRMAN. Just the interest, plus the tax. About sixteen or seventeen thousand dollars. Is that for 1 year's tax?

Mr. PRUNTY. No; that's 2 or 3 years.

The CHAIRMAN. All right.

Mr. SAY. May we remain if Mr. Sanford testifies?

The CHAIRMAN. Sir?

Mr. SAY. May we remain if Mr. Sanford testifies?

The CHAIRMAN. You can stay right here. You can remain right here as long as you want to; yes, sir.

Is Mr. Sanford here?

Mr. Murphy [indicating] used to be with our committee in Washington, and he got a better job out here. It is good to see him again—John Murphy.

Mr. Marshal, will you please notify Mr. Sanford to be around or be available?

Tell Mr. Blom to come in.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BLOM. I do.

## TESTIMONY OF REX BLOM, PALOS VERDES, CALIF.

Mr. RICE. Your name is Rex Blom?

Mr. BLOM. Blom; yes.

Mr. RICE. B-l-o-m?

Mr. BLOM. B-l-o-m; right.

Mr. RICE. And where do you live, Mr. Blom?

Mr. BLOM. Palos Verdes.

Mr. RICE. Whereabouts at?

Mr. BLOM. 2145 Via Pacheco.

Mr. RICE. Yes, sir; now, then, you were formerly with the Internal Revenue; were you not?

Mr. BLOM. Yes, I was.

Mr. RICE. And when was that?

Mr. BLOM. From February 1941 until December 1945.

Mr. RICE. And you left to go into private practice?

Mr. BLOM. No; I left to take a position as the director of the tax department of the California State Chamber of Commerce.

Mr. RICE. Yes; now, then, that was in 1945?

Mr. BLOM. Beginning of 1946.

Mr. RICE. Beginning of 1946?

Mr. BLOM. Yes.

Mr. RICE. And how long did you remain in that capacity?

Mr. BLOM. Approximately a year.

Mr. RICE. You stayed there 1 year. Now, what are you doing today?

Mr. BLOM. I am an auditor for the State board of equalization.

Mr. RICE. You are an auditor for the State board of equalization?

Mr. BLOM. Yes.

Mr. RICE. And how long have you been with that organization?

Mr. BLOM. Since August 1947.

Mr. RICE. You left the chamber to go with the board of equalization; is that right?

Mr. BLOM. No; I left the chamber to enter business for myself as a tax consultant.

Mr. RICE. And how long were you in the business of tax consultant?

Mr. BLOM. About 6 months.

Mr. RICE. About 6 months?

Mr. BLOM. Yes.

Mr. RICE. And was it during that time that you became acquainted with John Prunty?

Mr. BLOM. I became acquainted with John Prunty while I was with the State chamber of commerce.

Mr. RICE. While you were with the State chamber of commerce?

Mr. BLOM. Yes.

Mr. RICE. And when you were in private practice did there come a time when you represented him or consulted and advised with him in connection with a tax case?

Mr. BLOM. Yes. I took his case just prior to leaving the chamber of commerce.

Mr. RICE. Just prior to leaving?

Mr. BLOM. Yes; that's right.

Mr. RICE. And what was the situation there? What was his problem?

Mr. BLOM. Well, he came to me and was very concerned about his income-tax affairs.

Mr. RICE. Yes.

Mr. BLOM. And he asked me if I would try to help him.

Mr. RICE. What type of case was it? What seemed to be the trouble? Did he forget to pay taxes on certain income? Or just what was it?

Mr. BLOM. Senator, am I supposed to go into—I mean——

The CHAIRMAN. Well, the case has been settled and we don't want to go into any great detail. But Mr. Rice wants to know whether it was a mathematical calculation that was wrong.

Mr. BLOM. I think I could say possibly some income had not been reported.

Mr. RICE. Some undisclosed income?

Mr. BLOM. Yes; that's right.

Mr. RICE. And the Bureau was after him on that undisclosed income?

Mr. BLOM. I believe that's right.

Mr. RICE. And he needed representation in that connection, and then you agreed to advise him on that?

Mr. BLOM. Advise him; yes.

Mr. RICE. And what were the arrangements?

Mr. BLOM. Well, I was to do everything I could; advise him and build up a set of records for him.

Mr. RICE. "Build up" a set of records for him?

Mr. BLOM. Yes. And help him with his records and do all I could to see that he——

Mr. RICE. Yes. And what was the fee?

Mr. BLOM. Four thousand dollars.

The CHAIRMAN. They were about to prosecute him for criminal violation at that time—fraud, weren't they—when you got into the case?

Mr. BLOM. Well, there was a possibility that he might have been prosecuted.

The CHAIRMAN. Well, as a matter of fact, he was scared to death; wasn't he?

Mr. BLOM. Yes; he was.

The CHAIRMAN. And the matter was in the hands of the intelligence part of the Bureau of Internal Revenue, and they were contemplating making him pay the tax, the fraud penalty, and prosecuting him for income tax evasion? Wasn't that the situation when you got into it?

Mr. BLOM. There was a possibility of that.

The CHAIRMAN. Not only "a possibility" of that but it was pretty much of a probability with him then?

Mr. BLOM. Well, with income-tax cases you never know. They are a long-drawn-out process.

The CHAIRMAN. It was one of those things that you thought could have been prosecuted criminally or could not have been?

Mr. BLOM. That's right.

The CHAIRMAN. One of those close questions?

Mr. BLOM. Yes.

The CHAIRMAN. All right. Let's get on.

Mr. RICE. What was the fee arrangement?

Mr. BLOM. John Prunty and I talked about that a couple of times, and then finally I came down through on a trip and he paid me \$4,000 in cash.

Mr. RICE. Who set the fee?

Mr. BLOM. Well, I don't actually remember. We had talked about the fee. I told him that I wanted a substantial fee.

Mr. RICE. Yes.

Mr. BLOM. I was leaving the job, after all, and attempting to start a practice.

Mr. RICE. Yes.

Mr. BLOM. So I asked for a substantial fee. And it is my recollection that I was supposed to get \$5,000, but he paid me \$4,000; and I took that.

Mr. RICE. Yes. Now then, do you know where you were when that \$4,000 was paid?

Mr. BLOM. It was paid in Fresno.

Mr. RICE. And were you in an automobile?

Mr. BLOM. And I believe we were in an automobile. I was on a trip through Fresno at that time.

Mr. RICE. Whose automobile was it?

Mr. BLOM. I can't tell you whether it was my automobile or his automobile or someone else's. I just can't remember that.

Mr. RICE. In any event you were riding in an automobile when the money changed hands?

Mr. BLOM. I don't believe we were "riding." I believe we were sitting there talking.

Mr. RICE. You were sitting there and working it out?

Mr. BLOM. Yes.

Mr. RICE. Why would you say it was paid in cash instead of by check?

Mr. BLOM. Well, I needed some cash.

Mr. RICE. Yes.

Mr. BLOM. Because I was on a trip and I had intended to start a business. I was on my way to Las Vegas.

Mr. RICE. Yes.

Mr. BLOM. And I needed money for expenses. But John paid me in cash. I don't remember ever demanding cash or asking for cash, but he apparently thought I wanted it in cash.

Mr. RICE. Did you give him a receipt?

Mr. BLOM. No; I didn't give him a receipt.

Mr. RICE. And how do you account for that? You are a tax man and it would seem that subsequently he might have to account for that disbursement of the fee in some way in his books. How would he show that in his books if he had no supporting voucher, check, or receipt there?

Mr. BLOM. I probably should have given him a receipt.

Mr. RICE. You probably should have given him a receipt?

Mr. BLOM. Yes; I probably should have given him a receipt.

Mr. RICE. All right, sir. Now, did you have any fee contract with him? Some professional men have fee contracts with clients.

Mr. BLOM. You mean, that is, a contingent on the outcome of the case?

Mr. RICE. No. What you are going to separate them from.

Mr. BLOM. No, I don't think we had any written contracts.



Mr. RICE. Nothing like that?

Mr. BLOM. No, nothing like that.

Mr. RICE. Now, you took over his tax problem. And I take it you made an examination of his books and records and, as you say, "built up" some records for him?

Mr. BLOM. Yes.

Mr. RICE. With whom did you negotiate in the Bureau of Internal Revenue in connection with his problem?

Mr. BLOM. I talked to both Mr. Coe and Mr. Sanford.

Mr. RICE. You did what?

Mr. BLOM. I talked to both Mr. Coe and Mr. Sanford.

Mr. RICE. And were they the gentlemen who were interested in his investigation?

Mr. BLOM. Yes.

Mr. RICE. And about that time there was a trip over to Las Vegas, wasn't there? Didn't you go on a trip?

Mr. BLOM. I went to Las Vegas, but they didn't go to Las Vegas.

Mr. RICE. Weren't you ever in Las Vegas with Coe and Sanford?

Mr. BLOM. No.

Mr. RICE. Are you sure about that?

Mr. BLOM. I am sure.

Mr. RICE. Neither Sanford nor Coe went over there with you?

Mr. BLOM. Not to Las Vegas.

Mr. RICE. Where did you go with Coe and Sanford, then?

Mr. BLOM. We took one trip to Palm Springs.

Mr. RICE. You took one trip to Palm Springs. And who paid for the expenses on that trip?

Mr. BLOM. I believe I paid the expenses. That is, the bulk of the expenses.

Mr. RICE. You paid the bulk?

Mr. BLOM. Yes.

Mr. RICE. How about Prunty? Did he foot the bill?

Mr. BLOM. No. No. I figured that I had that fee; I was going to pay the expenses.

The CHAIRMAN. That was right after you had gotten the money from Prunty and you had four thousand bucks in your pocket?

Mr. BLOM. That's right, sir.

The CHAIRMAN. And you felt that you could pay it and "set the boys up"?

Mr. BLOM. That's right.

The CHAIRMAN. O. K. And you called Prunty, and he got you a reservation at the Racquet Club, or Sanford did; and you went over to the Racquet Club and had a big time?

Mr. BLOM. That's right.

The CHAIRMAN. And the bill was about how much? \$80 at the Racquet Club?

Mr. ROBINSON. \$90, I think.

Mr. RICE. Did you ask him if he "built up" his fee there at Palm Springs?

The CHAIRMAN. No; that is not particularly relevant. But you can ask him that.

Mr. RICE. I think it might be.

You were fortunate in a "venture" you engaged in over at Palm Springs?

Mr. BLOM. That's right.

Mr. RICE. What was that?

Mr. BLOM. I won a little money there.

Mr. RICE. You won a little money there?

Mr. BLOM. Yes.

Mr. RICE. And what was that doing?

Mr. BLOM. They had these crap tables there. Dice tables.

Mr. RICE. At Palm Springs?

Mr. BLOM. In Palm Springs; yes.

Mr. RICE. That's in California, isn't it?

Mr. BLOM. That's right.

Mr. RICE. At a crap table?

Mr. BLOM. That's right.

Mr. RICE. All right, sir. Now, then, what would you say was the total amount of time it took you in days to prepare Mr. Prunty's case?

Mr. BLOM. I couldn't even estimate the amount of time.

Mr. RICE. Well, he said something about he thought you had worked 2 or 3 days on it.

Mr. BLOM. Yes. But then I saw Prunty, oh, I don't know, a dozen different times; I took trips to Fresno; I talked to him; I talked to Coe and Sanford. It's hard to say. I never allocated it. I took as much time as I thought it needed.

Mr. RICE. There was really more negotiating than there was examination?

Mr. BLOM. That's right.

Mr. RICE. All right, sir. Now, you received \$4,000 in cash on the deal. There was another later payment?

Mr. BLOM. Yes. I took a special trip over to Fresno. In fact, I took two other—well, two other trips there. And I prepared his income tax return for that—well, that would be the year of 1946 I prepared his income tax return.

Mr. RICE. Yes. What was that? In the nature of a voluntary disclosure?

Mr. BLOM. No. His regular—

Mr. RICE. His regular return for that year?

Mr. BLOM. His regular return for that year. Yes, sir.

Mr. RICE. And for that there was an additional fee charged?

Mr. BLOM. Yes, that's right.

Mr. RICE. And that was how much?

Mr. BLOM. \$300.

Mr. RICE. \$300. And did he pay that in cash?

Mr. BLOM. No; he gave me a check for that.

Mr. RICE. This time he gave you a check. I think Mr. Van Brunt has an idea it had something to do with an automobile. Did it have something to do with an automobile?

Mr. BLOM. No; it had not a thing in the world to do with an automobile.

Mr. RICE. That was a strict fee for the preparation of the return?

Mr. BLOM. That's right.

Mr. RICE. What became of Mr. Prunty's case in the Internal Revenue Department?

Mr. BLOM. Well, it was—it came out as a regular civil case, and the penalty was not assessed.

Mr. RICE. The penalty was not assessed?

Mr. BLOM. Not assessed. That's right. And that's as far as I know. Maybe I shouldn't say that, because I didn't make the payment or have anything to do with it. He eventually got billed through the regular sources. They sent a 90-day letter and he made his payment.

Mr. RICE. In any event he settled it out without any criminal prosecution?

Mr. BLOM. That's right.

Mr. RICE. Or any fraud?

Mr. BLOM. That's right.

Mr. RICE. Or any fraud penalty?

Mr. BLOM. Yes.

Mr. RICE. And did you deal with anyone else in the Internal Revenue beside Coe and Sanford?

Mr. BLOM. No.

Mr. RICE. They were the ones handling the case, and when it ultimately settled out it was through those gentlemen?

Mr. BLOM. Yes.

The CHAIRMAN. What year was this in, Mr. Rice?

Mr. RICE. I have the income tax return here. I think that was in 1947, was it not?

Mr. BLOM. Yes; it was in 1947.

Mr. RICE. I see you changed from the State Chamber of Commerce to the Board of Equalization in that year.

Mr. BLOM. That's right.

Mr. RICE. And I believe you had additional income, aside from that, of \$4,800 in that year.

Mr. BLOM. Yes.

Mr. RICE. Of which \$4,300 was derived from Prunty.

Mr. BLOM. Right.

Mr. RICE. So that as far as your tax practice was concerned, would it be a fair statement to say that that made up the overwhelming balance of your experience as a consultant?

Mr. BLOM. Yes; that's right. That was my first fee.

The CHAIRMAN. You mean that was all the business you had?

Mr. BLOM. No; I had some others but—

The CHAIRMAN. They didn't pay you off?

Mr. BLOM. But they didn't pay very much.

The CHAIRMAN. So out of the \$4,800 you made that year, \$4,300 was from Prunty?

Mr. BLOM. Yes.

The CHAIRMAN. Now, Mr. Sanford was the agent in charge of the intelligence division at Fresno; is that correct?

Mr. BLOM. Well, he is a special agent and he is in charge of that office in Fresno.

The CHAIRMAN. In charge of that office, the intelligence office in Fresno?

Mr. BLOM. Yes.

The CHAIRMAN. Mr. Coe is his assistant?

Mr. BLOM. No. Mr. Coe is an internal revenue agent.

The CHAIRMAN. Mr. Coe is an agent?

Mr. BLOM. Or "was" an agent, I will say.

The CHAIRMAN. Agent, as distinguished from the intelligence service?

Mr. BLOM. Yes; that's right.

The CHAIRMAN. But when you got into the case, the procedure is that where there is a possibility of a fraud prosecution or fraud case, it goes to the intelligence service; is that correct?

Mr. BLOM. The situation is this: When a revenue agent encounters fraud on a return, he requests a joint investigation with the Intelligence Unit.

The CHAIRMAN. That's right. Anyway, it goes to the Intelligence Unit only where there is some evidence of fraud?

Mr. BLOM. Yes. Now, I might add that I don't believe that this was ever sent over to the Intelligence Unit with the request for a joint investigation.

The CHAIRMAN. Anyway, it was in Mr. Sanford's hands?

Mr. BLOM. I'm not sure that it was in his hands officially.

The CHAIRMAN. Well, you worked the matter of the settlement out with him in some capacity or another?

Mr. BLOM. I talked with Sanford about the case.

The CHAIRMAN. The fraud penalty is what percentage of the tax that may be due?

Mr. BLOM. Fifty percent.

The CHAIRMAN. Fifty percent of the tax or plus interest?

Mr. BLOM. Just of the tax.

The CHAIRMAN. I know. But, I mean, then you add the interest on to the fraud? If the tax is \$10,000, the fraud penalty would be \$5,000. Fifteen thousand dollars plus interest.

Mr. BLOM. You only figure the interest on the \$10,000.

The CHAIRMAN. Oh, you do. So the settlement was made of the tax plus the plain interest; no fraud penalty, no prosecution?

Mr. BLOM. Right.

Mr. RICE. Now, sir, in connection with your 1947 return, as to the income apart from the board of equalization and chamber of commerce, you had in round numbers \$4,800—

Mr. BLOM. Yes.

Mr. RICE. Gross income, of which \$4,300 was from Prunty?

Mr. BLOM. Yes.

Mr. RICE. And you have an item for "Other expenses" of \$3,282.75. Now, sir, can you elaborate a little bit on what those expenses were?

Mr. BLOM. Well, I moved my family to Las Vegas. I set up an office in Las Vegas.

Mr. RICE. Yes.

Mr. BLOM. I waited for business. I did a lot of entertaining.

Mr. RICE. Yes.

Mr. BLOM. I made a number of trips.

Mr. RICE. In that connection, did you entertain Sanford and Coe?

Mr. BLOM. On that Palm Springs trip. I believe that's the only time, sir.

Mr. RICE. And what did it cost you to entertain Sanford and Coe?

Mr. BLOM. You gentlemen had the bill there a while ago.



Mr. RICE. Yes. I have a figure here of \$200 and then I have another item here of \$1,700 for entertainment and drinks in order for you to get started in your business.

Mr. BLOM. That's right. I was in Las Vegas and dealing with a lot of the people there. And you spend a lot of money in Las Vegas.

Mr. RICE. You spent a lot of money in Las Vegas?

Mr. BLOM. That's right.

Mr. RICE. I have heard that. That's a trade promotion?

Mr. BLOM. Well, you try to make—you attempt to make contacts, try to build it up, let the people know you are in business. As you see it, it didn't do me a great deal of good.

The CHAIRMAN. That \$3,200 is an awful lot for "Other expenses," don't you think so?

Mr. BLOM. Well, I made a number of trips. I made trips and drove my automobile.

The CHAIRMAN. It looks like you would have itemized it: Auto expenses, so much; hotel, so much; food, so much—being an income-tax man.

Mr. BLOM. A lot of those things it is difficult to get.

The CHAIRMAN. You just put them all together: \$3,200?

Mr. BLOM. Oh no. I didn't put it all down that way. Or do you have the original return?

Mr. RICE. I have an item here of "Travel," \$375. What was that for?

Mr. BLOM. Do you have my original return?

Mr. RICE. I don't know whether this is the original. It looks like a copy.

Mr. BLOM. I don't have a copy or the original.

Mr. RICE. I frankly don't know. We have a "Travel" item here of \$375 in Mr. Van Brunt's notes.

Mr. BLOM. Yes. I believe that \$375 was the three or four trips that I made.

Mr. RICE. To where?

Mr. BLOM. Well, I traveled to Fresno.

Mr. RICE. And what was that in connection with?

Mr. BLOM. In connection with Prunty. And I traveled to San Francisco, I traveled to Los Angeles.

Mr. RICE. And how about the San Francisco trip? What was that in connection with?

Mr. BLOM. Well, I wanted to talk to someone up here.

Mr. RICE. Who were they?

Mr. BLOM. Well, I wanted to talk to an attorney up here.

Mr. RICE. And who was he?

Mr. BLOM. Conrad Hubner.

Mr. RICE. Conrad Hubner?

Mr. BLOM. Uh-huh [affirmative].

Mr. RICE. And in connection with whose case?

Mr. BLOM. Well, just in general; talk to him about a number of cases.

Mr. RICE. For instance?

Mr. BLOM. I wanted to see how he was—if he was interested; maybe if I could dig up a case or some such thing like that, maybe I could do the accounting and he could do the legal work.

Mr. RICE. You don't want us to get the idea that you came all the way up here and charged expenses to see Hubner about a case that you might get?

Mr. BLOM. Yes.

Mr. RICE. And that you didn't know what case it was?

Mr. BLOM. That's right. Well, I talked to him.

Mr. RICE. How about Kaltenborn? Was he in that picture?

Mr. BLOM. I mentioned to him about Kaltenborn's case; if he wanted to handle Kaltenborn's case.

Mr. RICE. What type of case was that?

Mr. BLOM. That was a criminal case.

Mr. RICE. And who was Kaltenborn?

Mr. BLOM. He was a businessman in Las Vegas.

Mr. RICE. What sort of business?

Mr. BLOM. Oh, he had a variety of businesses.

Mr. RICE. He went to jail, didn't he?

Mr. BLOM. Yes, he did.

Mr. RICE. And did he buy any copper stock before he went to jail?

Mr. BLOM. I don't believe he bought any stock. I don't know.

The CHAIRMAN. He was offered some but he didn't buy it.

Mr. RICE. He didn't buy it. He went to jail, didn't he? Is that a fair statement?

Mr. BLOM. That is a very unfair statement. That is very funny.

Mr. RICE. All right, sir. Tell us about it.

Mr. BLOM. No. I mean to make a statement like that. I mean to say, "Well, he didn't buy stock, so he went to jail."

Mr. RICE. Well, what is the picture on that copper stock?

Mr. BLOM. I don't know a great deal about it, but I was a special agent at the time that that stock was being sold.

Mr. RICE. What stock are we talking about?

Mr. BLOM. You are talking about that copper mining stock.

Mr. RICE. Mountain City?

Mr. BLOM. Mountain City, yes. I was a special agent at that time and it wouldn't have made any difference to me whoever had bought that stock, see.

Mr. RICE. All right, sir. I think that's a fair statement.

The CHAIRMAN. Why did you go to see Mr. Kaltenborn?

Mr. BLOM. Oh, no. I came up here to see Mr. Hubner.

Mr. RICE. You came to see Mr. Hubner on behalf of Kaltenborn?

Mr. BLOM. Yes.

The CHAIRMAN. Mr. Kaltenborn got to be one of your customers?

Mr. BLOM. No. He never was really a customer of mine, no.

The CHAIRMAN. Why did you come up here to see him about Mr. Kaltenborn?

Mr. BLOM. I thought that possibly Mr. Hubner would want to take the case. Kaltenborn—there was a chance that Kaltenborn was going to be indicted. And he was later indicted, see.

The CHAIRMAN. But you came up here to see a lawyer about taking his case?

Mr. BLOM. Well, I came up here just to talk to him in general about whether or not he was interested in any cases over in Las Vegas.

The CHAIRMAN. But the case is away over in Las Vegas.

Mr. BLOM. That's right.

The CHAIRMAN. Did Mr. Kaltenborn pay you something?

Mr. BLOM. I believe he gave me a hundred dollars.

The CHAIRMAN. Was that after the Prunty case was settled and out of the way?

Mr. BLOM. No, I don't think it was. I think it was along the same time.

The CHAIRMAN. I may have asked a question that is misleading. I said, thirty-two hundred dollars was a lot of other expense.

(To Mr. Rice:) Where did you get that from?

Mr. RICE. That is from schedule G. Here is his total gross income from his business other than the board of equalization and the chamber of commerce. \$4,300 of this was from Prunty, and I take it \$500 from other resources. Now, he sets out "Other expenses," \$3,282 and has no information on the schedule G.

The CHAIRMAN. Yes; here it is. Item 17: "Rent, repairs, and other expenses. Explain in schedule G." But there is no explanation in schedule G.

Mr. BLOM. Now, there may have been on my original return. You see, this—the fact is that I had to make this copy up for Mr. Van Brunt from information that I had there, just some working papers.

The CHAIRMAN. This is what you made up and gave us?

Mr. BLOM. Yes.

Mr. RICE. In fairness to the witness, I will say that that was the only thing that was asked him, except that Mr. Van Brunt did take notes of his explanation of the other expenditures, which we show here to be "Moving to and from Las Vegas, \$828"; "Entertainment at Palm Springs," which Blom explained was the amount he spent on entertaining Sanford and Coe, \$200; "Entertainment at Las Vegas," where Blom bought drinks and did considerable entertaining in order to get started in the business, \$1,700. And "Travel," \$375—part of which was spent traveling to San Francisco to get a hold of Conrad Hubner regarding Robert Kaltenborn.

The CHAIRMAN. That is the explanation that Mr. Blom makes about the \$3,200?

Mr. RICE. Yes.

The CHAIRMAN. All right. Anything else you want to say, sir?

Mr. BLOM. I don't believe so, Senator.

Mr. VAN BRUNT. May I ask a question?

The CHAIRMAN. All right.

Mr. VAN BRUNT. Where did you hear of Mr. Kaltenborn, Mr. Blom?

Mr. BLOM. Where did I hear of Mr. Kaltenborn?

Mr. VAN BRUNT. That's right.

Mr. BLOM. In Las Vegas.

Mr. VAN BRUNT. I mean, you were in Los Angeles and had been working in Los Angeles. How did you get to know that Mr. Kaltenborn was having troubles in Las Vegas?

Mr. BLOM. Oh, I knew Kaltenborn for a long time.

Mr. VAN BRUNT. He is a friend of yours?

Mr. BLOM. No. I had known him.

Mr. VAN BRUNT. You knew that there was a case pending against him?

Mr. BLOM. Yes; I did.



The CHAIRMAN. That's all. Thank you.

Mr. Marshal, will you ask Mr. Sanford to appear. But we shall have a 5-minute recess before we examine him.

(Short recess.)

The CHAIRMAN. We will have two other brief witnesses, before Mr. Sanford testifies.

I wanted Mr. Samish's auditor to come around.

All right. Let Mr. Stanley Cohen come around.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COHEN. I do.

**TESTIMONY OF STANLEY COHEN, SAN FRANCISCO, CALIF., ACCOMPANIED BY LEO FRIEDMAN, ATTORNEY, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Mr. Stanley Cohen. What is your address, sir?

Mr. COHEN. 25 Retiro Way.

The CHAIRMAN. I didn't understand.

Mr. COHEN. 25 Retiro Way. R-e-t-i-r-o Way; W-a-y.

The CHAIRMAN. San Francisco?

Mr. COHEN. Yes, sir.

The CHAIRMAN. Mr. Counsel, what is your name?

Mr. FRIEDMAN. Leo Friedman, San Francisco.

The CHAIRMAN. Leo Friedman, attorney at law, San Francisco.

Mr. FRIEDMAN. Correct.

The CHAIRMAN. You have something in your hand. Do you want to read it?

Mr. COHEN. Yes, sir. I am going to use this.

The CHAIRMAN. Oh, those are some notes?

Mr. COHEN. Yes, it is one note.

The CHAIRMAN. Oh, I see. All right.

All right, Mr. Rice. Will you ask the witness.

Mr. RICE. Yes.

Mr. Cohen, going back 3 or 4 years, you were connected with Krehling and Cohen?

Mr. COHEN. I refuse to answer on the ground my answer may intend to incriminate me.

Mr. RICE. Now, you say your name is Stanley Cohen?

(Mr. Cohen nodding affirmatively.)

Mr. RICE. And where did you say you lived?

Mr. COHEN. 25 Retiro Way.

Mr. RICE. 25 Metiro Way?

Mr. COHEN. Retiro.

Mr. RICE. In San Francisco?

Mr. COHEN. Yes.

Mr. RICE. And what business are you in?

Mr. COHEN. I refuse to answer on the ground that my answer may intend to incriminate me.

Mr. RICE. Are you under indictment, Mr. Cohen?

Mr. COHEN. I refuse to answer on the ground that my answer may intend to incriminate me.



The CHAIRMAN. The chairman directs you to answer that question, Mr. Cohen. We don't want to have any trouble with you. We don't want to prosecute you or get you into any trouble. We simply want to ask you about a transaction.

Mr. COHEN. I am under no indictment.

The CHAIRMAN. Sir?

Mr. COHEN. I am under no indictment.

The CHAIRMAN. Just a minute. As far as I know, there was no illegality insofar as the Federal law is concerned. And if you have some real reason that any answer you give might incriminate, we want to respect it. But we are not going to get along very well unless you have some real reason.

Mr. COHEN. Well, I refuse to answer, Senator.

The CHAIRMAN. You are not going to answer anything?

Mr. COHEN. No, sir.

The CHAIRMAN. Well, we will just build up a case against you, Mr. Cohen, and see what happens.

Mr. RICE. All right. I asked you what business you were in.

Mr. COHEN. I refuse to answer on the ground that my answer might intend to incriminate me.

Mr. RICE. And are you reading that from a piece of paper?

Mr. COHEN. Yes, sir.

Mr. RICE. And who wrote the paper, Mr. Cohen?

Mr. COHEN. I asked my attorney what I was to say when I did not want to answer, and he wrote this down for me to read when I did not want to answer.

Mr. RICE. When you say that you refuse to answer because you don't want to be incriminated, are you referring to a Federal offense?

Mr. COHEN. No. I am just going to stand on my grounds.

Mr. RICE. Yes. Now, are you referring to a Federal offense or State offense? You have an offense in mind about which you fear prosecution; is that correct?

Mr. COHEN. No, sir.

Mr. RICE. You don't have any offense in mind?

Mr. COHEN. No; I have no offense at all.

Mr. RICE. How do you assert your privilege if you don't fear prosecution?

Mr. COHEN. I just refuse to answer any questions.

Mr. RICE. All right, sir. Now then, you don't have either State or Federal case in mind about which you fear prosecution?

Mr. COHEN. No.

Mr. RICE. I see. How long ago did the transaction take place from which you fear prosecution?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Was it more than 10 years ago?

The CHAIRMAN. Well now——

Mr. COHEN. I don't know what you are getting at.

The CHAIRMAN. Suppose we get this clear, Mr. Friedman and Mr. Cohen. Technically, where a witness refuses to answer and the chairman thinks it is correct that he should answer, it is my duty to direct him to answer and then he refuses to follow the direction of the Chair. Can we have it understood and Mr. Cohen understand that where he says he refuses to answer, unless I order the question withdrawn, it

will be considered that he also refuses to follow the direction of the chairman?

Mr. FRIEDMAN. We are willing to so stipulate.

The CHAIRMAN. Yes.

Mr. FRIEDMAN. In other words, it will be understood that any time that Mr. Rice, who I understand is doing the questioning at this moment, or any other interrogator should ask him a question and he refuses to answer on his constitutional ground, the record will be as complete as if the chairman of the committee had instructed him thereafter to answer the question.

The CHAIRMAN. Yes. Now, you understand that too, do you, Mr. Cohen?

Mr. COHEN. No, not very well. But I will do the best I can.

Mr. FRIEDMAN. Well, that isn't it, Mr. Cohen. In other words, to protect the record so far as the committee is concerned, the chairman has to ask you——

Mr. COHEN. Yes, sir.

Mr. FRIEDMAN. Or instruct you to answer a question——

Mr. COHEN. Yes, sir.

Mr. FRIEDMAN. That you refuse to answer. To save that being done, on your behalf I stipulated that it will be understood that you have been instructed to answer any question that you refuse to answer. That is satisfactory with you, isn't it?

Mr. COHEN. Yes, sir.

Mr. FRIEDMAN. And will it be also understood that if the witness merely says "I refuse to answer," it will be on his constitutional ground?

The CHAIRMAN. Just a minute. (To the reporter:) What is your name?

The REPORTER. E. D. Conklin.

The CHAIRMAN. You are an official reporter?

The REPORTER. Yes, sir.

The CHAIRMAN. I think we will swear you also.

(Whereupon Senator Kefauver administered the oath to the official court reporter, E. D. Conklin.)

Mr. RICE. Do you have any legitimate business, Mr. Cohen?

Mr. COHEN. I refuse to answer.

Mr. RICE. On the same grounds?

(Mr. Cohen nodding affirmatively.)

Mr. RICE. You don't care to say whether or not you have a legitimate business of any kind. Are you a married man?

Mr. COHEN. Yes, sir.

Mr. RICE. And what is your wife's name?

Mr. COHEN. Lorraine.

Mr. RICE. Lorraine?

Mr. COHEN. Yes.

Mr. RICE. All right, sir. Did you ever engage in a legitimate business?

Mr. COHEN. Well, yes.

Mr. RICE. When was that?

Mr. COHEN. I think that the business that I have always been in is legitimate. [Laughter.]

Mr. RICE. All right. And what business are you talking about?

Mr. COHEN. I refuse to answer on the ground that I might incriminate myself.

Mr. RICE. All right, sir.

The CHAIRMAN. May I admonish our friends who are here, the audience, not to make any expressions during this proceeding. This is a very serious matter for Mr. Cohen and for the committee, too.

Mr. COHEN. Thank you, Senator.

Mr. RICE. All right, sir. Are you self-supporting?

Mr. COHEN. Yes.

Mr. RICE. And what do you get your income from?

Mr. COHEN. I refuse to answer.

Mr. RICE. All right, sir. Going back to December 19, 1950, at the Chicago hearings of the committee, Mr. Chairman, we had testimony from Edward McGoldrick, of the General News Service. Mr. McGoldrick testified in response to George Robinson's question, "Do you have a customer in California?"—he previously testified that he was in the wire service business, distributing racing news to purchasers.

The CHAIRMAN. He was one of the Continental Distributors; is that correct?

Mr. RICE. Well, sir, he was a Continental Distributor through Illinois Sports. His outfit was called General News.

McGoldrick was asked:

Do you have a customer in California?

Mr. MCGOLDRICK. Yes, sir; I had a customer in California.

Mr. ROBINSON. Who was your customer there?

Mr. MCGOLDRICK. Stanley Cohen.

The CHAIRMAN. Well, is that you, Mr. Cohen?

Mr. COHEN. I refuse to answer, Senator.

Mr. RICE. Do you know Mr. McGoldrick?

Mr. COHEN. Yes.

Mr. RICE. You know Mr. McGoldrick?

(Mr. Cohen nodding affirmatively.)

Mr. RICE. And who is he?

Mr. COHEN. I met him out here.

Mr. RICE. You met him out here in California?

Mr. COHEN. Uh-huh [affirmative].

Mr. RICE. And what business was he in?

Mr. COHEN. I don't know.

Mr. RICE. When and where did you meet him?

Mr. COHEN. Here in town.

Mr. RICE. In San Francisco?

Mr. COHEN. Yes, sir.

Mr. RICE. Whereabouts?

Mr. COHEN. St. Francis Hotel.

Mr. RICE. In the St. Francis Hotel. Was he staying there?

Mr. COHEN. I don't know where he was staying.

Mr. RICE. Where did you meet him in the St. Francis?

Mr. COHEN. In the lobby.

Mr. RICE. And how did you get together with him? How were you introduced?

Mr. COHEN. "Hello."

Mr. RICE. "Hello"?

Mr. COHEN. Yes.

Mr. RICE. And had you previously met him?

Mr. COHEN. No, sir.

Mr. RICE. And had you previously met him?

Mr. COHEN. No, sir.

Mr. RICE. Did you meet him there by appointment?

Mr. COHEN. No, sir.

Mr. RICE. How did you get together?

Mr. COHEN. Well, I just knew that he was going to be there.

Mr. RICE. And who told you he was going to be there?

Mr. COHEN. I don't remember.

Mr. RICE. You don't remember?

Mr. COHEN. No.

Mr. RICE. Well, what did you go to see him for?

Mr. COHEN. I refuse to answer what I went to see him for.

Mr. RICE. I see. All right. Did you have any business transactions with him?

Mr. COHEN. Not according to what I can remember; no, sir.

Mr. RICE. Did you ever pay him any money?

Mr. COHEN. No, sir; not that—I refuse to answer anything like that.

Mr. RICE. Do you deny it or do you refuse to answer?

Mr. COHEN. I refuse to answer.

Mr. RICE. All right, sir. Then you do know Mr. McGoldrick?

Mr. COHEN. Yes.

Mr. RICE. And you met him here in San Francisco. How long ago was that?

Mr. COHEN. I don't know.

Mr. RICE. Well, was it after the ruling of the public utilities commission that the wire service was out in California in 1948? You remember that, don't you?

Mr. COHEN. No; I don't remember.

Mr. RICE. Well, on April 6, 1948, the public utilities commission caused the Continental Press to cease transmitting news in here. Do you remember that?

The CHAIRMAN. Do you remember that, Mr. Cohen?

Mr. COHEN. No, sir.

The CHAIRMAN. When the wire service got cut off?

Mr. COHEN. No, sir; I don't remember.

The CHAIRMAN. You don't remember it?

Mr. COHEN. No.

The CHAIRMAN. You don't?

Mr. RICE. And that on the same day an application was made to Illinois Sports for Western Union wire from California. Did you ever do any business with Illinois Sports?

Mr. COHEN. What was that, sir?

Mr. RICE. Illinois Sports.

Mr. COHEN. No, sir.

Mr. RICE. You never did any business?

(Mr. Cohen shaking head negatively.)

Mr. RICE. Do you know George Kelly?

(Mr. Cohen shaking head negatively.)

Mr. RICE. Do you know Tom Kelly?

(Mr. Cohen shaking head negatively.)

The CHAIRMAN. Wait a minute. We can't get these.



Mr. COHEN. I don't know George Kelly. I know Tom Kelly.

Mr. RICE. And who is Tom Kelly?

Mr. COHEN. He is a man that I have done business with many, many years ago.

Mr. RICE. And he is the general manager of the Continental Press, is he not?

Mr. COHEN. I don't know what he is manager of.

Mr. RICE. What kind of business did you do with Mr. Kelly?

Mr. COHEN. He tried to get an automobile for me from Detroit.

Mr. RICE. You were going to buy an automobile from Tom Kelly?

Mr. COHEN. No. He tried to get an automobile for me from Detroit.

Mr. RICE. What other business did you have?

Mr. COHEN. I refuse to answer.

The CHAIRMAN. Wait a minute, Mr. Rice.

We haven't any desire to get in trouble with your client, Mr. Friedman. What is this offense that he is talking about? Don't you want to have a little conference about this matter?

The only thing we want to show is that he has a wire service out here. We have the records on the matter. And he is still paying a franchise for his wire service. I don't know what offense that is going to lead to. If he has any honest objection, we want to recognize it.

Mr. FRIEDMAN. Well——

The CHAIRMAN. He is not under income-tax indictment, he says.

Mr. FRIEDMAN. That may be. That may not.

The CHAIRMAN. Of course he has no right to refuse on the ground that it might incriminate him of a State offense. But, as I understand it, after the law was passed cutting off the wire service, he hasn't had any wire service—although he continues to pay for it.

Mr. FRIEDMAN. Well, of course——

The CHAIRMAN. Now, just what is it? We don't want to do the man an injustice.

Mr. FRIEDMAN. I can't tell you that, Senator. All I can do as counsel in this case and all I have done is to discuss this matter with Mr. Cohen, tell him what his constitutional rights are; to advise him that it is his selection whether he should or should not answer questions, and it is for him to determine whether in his opinion any question he gives might tend to incriminate him. Further than that I have no power.

The CHAIRMAN. Yes.

Mr. FRIEDMAN. And if I went further than that I would probably be accused of obstructing justice.

The CHAIRMAN. I don't want to interfere with any confidential relationships. I am not trying to offer you any advice. I just thought if you could tell us what the trouble is, maybe we could ask questions that wouldn't touch upon that particular matter.

Mr. FRIEDMAN. Well, it may be, but I can't tell you that.

The CHAIRMAN. All right. Well, we'll just go along.

Mr. RICE. All right. Go back a little bit. Were you ever connected with an organization known as Krehling & Cohen?

Mr. COHEN. I refuse to answer that, Mr. Rice.

Mr. RICE. Do you know Krehling? K-r-e-h-l-i-n-g.

Mr. COHEN. Yes; I knew him.

Mr. RICE. And who is he?

Mr. COHEN. He's dead.

Mr. RICE. He's dead?

Mr. COHEN. Yes.

Mr. RICE. And what was his first name?

Mr. COHEN. Martin.

Mr. RICE. When did he die?

Mr. COHEN. Forty-nine.

Mr. RICE. And where did he do business?

Mr. COHEN. I refuse to say.

Mr. RICE. You refuse to say?

Mr. COHEN. Yes.

Mr. RICE. Do you know where he did business?

Mr. COHEN. I refuse to say, Mr. Rice.

Mr. RICE. All right, sir. According to the testimony before the Public Utilities Commission here:

The Continental Press Service in Chicago consisted of wire service which was leased from the Western Union and which has outlets in various cities throughout the United States. Specifically this press service has a number of drops in California, among them Krehling & Cohen, 333 Montgomery Street, San Francisco. The service to that organization was started May 12, 1945.

Did you have anything to do with that Krehling & Cohen that received the wire service?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. All right, sir. Now going back to the testimony of Edward McGoldrick in Chicago, Mr. McGoldrick went on to say in response to questions of Mr. Robinson:

Mr. ROBINSON. Well, how did he [Stanley Cohen] become a customer?

Mr. MCGOLDRICK. I talked to the man in January of this year—

1950, he is referring to—

and with the expectation that California was going to legalize gambling down there. He wanted to hold a franchise.

Mr. ROBINSON. Did you talk to him there or here?

Mr. MCGOLDRICK. California.

Mr. ROBINSON. In Los Angeles?

Mr. MCGOLDRICK. No, sir; San Francisco \* \* \*.

Is that the conversation that you are talking about?

Mr. COHEN. I still refuse to answer, Mr. Rice.

Mr. RICE. All right.

Mr. ROBINSON. San Francisco. Go ahead. What was the discussion that you had with him?

Mr. MCGOLDRICK. He said that he was—he thought that the State of California would be legalizing gambling, and he wanted to know if he could hold the franchise with me. I said, "Yes, I would be very happy to sell him service if and when we could." So, we set a figure of \$500 a week.

Mr. ROBINSON. And he has been paying you that \$500 a week ever since?

Mr. MCGOLDRICK. Up until 3 or 4 weeks ago; yes, sir.

Now then, that is up until 3 or 4 weeks prior to December of 1950—just before Christmas. How about that \$500 per week? What were the arrangements on that?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Did you pay McGoldrick \$500 a week?

Mr. COHEN. I refuse to answer you, Mr. Rice.

Mr. RICE. All right, sir. Mr. Robinson goes on to say:

Why did he discontinue [these payments in December]?

Mr. MCGOLDRICK. Well, he called me on the phone and told me he didn't think that it was necessary, or that it was going to be able to—that he was going to be able to pay any more, due to the fact the bill was killed. They voted it out.

Did you call Mr. McGoldrick and tell him anything like that on the telephone?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Did you have a telephone conversation with Mr. McGoldrick?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. All right, sir. Do you know with what organization Mr. McGoldrick is connected?

Mr. COHEN. No, sir.

Mr. RICE. Could it be General News Service?

Mr. COHEN. I don't know, Mr. Rice.

Mr. RICE. You don't know that. How about Illinois Sports? Did you have any transactions with that outfit?

Mr. COHEN. I don't know anything about them.

Mr. RICE. All right, sir. Referring to a record, we have here of Stanley and Lorraine Cohen for the year 1949—you are appearing here in response to a subpoena, are you not?

Mr. COHEN. Yes, sir.

Mr. RICE. Do you have a copy of your subpoena with you?

Mr. COHEN. I think we have. [Producing subpoena.]

Mr. RICE. Now, I see here that the subpoena calls upon you to bring with you certain books and records, documents relating to your income and expenses. Have you brought those records with you?

Mr. COHEN. No, sir.

Mr. RICE. You have not brought those with you?

Mr. COHEN. No, sir.

Mr. RICE. And why not, sir?

Mr. COHEN. Because I refuse to answer any questions, so I didn't bring in any books.

Mr. RICE. And I take it that you refuse——

The CHAIRMAN. Well, do you refuse to honor the subpoena by not bringing your books in?

Mr. COHEN. I refuse to answer any questions.

The CHAIRMAN. Well, you might bring the books and then refuse to answer questions about them. But how about the books?

Mr. COHEN. Well, I can't say that.

The CHAIRMAN. Let's make the subpoena a part of the record and copy it into the transcript at this point.

(The subpoena, exhibit No. 48, appears in the following words and figures. to wit:)

#### UNITED STATES OF AMERICA

#### CONGRESS OF THE UNITED STATES

TO STANLEY COHEN, SAN FRANCISCO, GREETINGS:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Committee To Investigate Organized Crime in Interstate Commerce of the Senate of the United States, on March 2, 1951, at 9 o'clock a. m., at their committee room, Federal Post Office Building, Seventh and Mission, San Francisco,



Calif., then and there to testify what you may know relative to the subject matters under consideration by said committee, and bring with you :

1. All ledgers, vouchers, canceled checks, check stubs, bank-deposit slips, bank statements, financial statements, notes, copies of tax returns, records of accounts receivable and payable, and records of cash receipts and disbursements for the period from January 1, 1950, to date;

2. All books, records, or other documents showing ownership of, or other holding or interests in any business, company, or enterprise, or in any property, real, personal, or intangible, for the period from January 1, 1940, to date;

3. All correspondence relating to the subject matter referred to in paragraph 2 hereof for the period from January 1, 1950, to date.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To H. R. Van Brunt or United States marshal to serve and return.

Given under my hand, by order of the committee, this 20th day of February 1951, in the year of our Lord one thousand nine hundred and fifty-one.

ESTES KEFAUVER,

*Chairman, Senate Committee To Investigate Organized Crime in Interstate Commerce.*

The CHAIRMAN. You have defied the subpoena by refusing to bring any books; is that correct?

Mr. COHEN. Yes, sir; I guess I have.

The CHAIRMAN. You have some books, do you?

Mr. COHEN. Yes, sir.

The CHAIRMAN. Where are they?

Mr. COHEN. I don't know right now.

The CHAIRMAN. Go ahead.

Mr. RICE. You don't know where your books are now?

Mr. COHEN. I don't know where they are at right at this moment.

Mr. RICE. Where were they when you last knew where they were?

Mr. COHEN. Well, scattered all over.

Mr. RICE. And where were they scattered?

Mr. COHEN. Around town.

Mr. RICE. Around town. And where is one place where they were scattered?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Do you have books and records?

Mr. COHEN. Yes.

Mr. RICE. Have they been destroyed?

Mr. COHEN. I don't know.

Mr. RICE. Mr. Chairman, I ask that the witness be admonished that if he answers that he doesn't know when he does know the answer, that constitutes a contempt just as if he refused to answer.

The CHAIRMAN. Yes. Well, he must know that.

Mr. RICE. Do you understand that, sir——

Mr. COHEN. I refuse to——

Mr. RICE. That if you do know and you say you don't know?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. You refuse to answer whether you understand that or not?

Mr. COHEN. I refuse to answer.

Mr. RICE. In other words, you refuse to answer anything; is that it?

Mr. COHEN. All right, sir.

Mr. RICE. How old are you?

Mr. COHEN. 49.

Mr. RICE. And where were you born?



Mr. COHEN. San Francisco.

Mr. RICE. I beg your pardon?

Mr. COHEN. San Francisco.

Mr. RICE. I see. Now, sir, referring to a record of Stanley and Lorraine Cohen for the year 1949, I notice an item "Expenses of news service business." Are you in the news service business with your wife, Lorraine?

Mr. COHEN. I refuse to answer.

Mr. RICE. Is your wife, Lorraine, in any business?

Mr. COHEN. I refuse to answer.

Mr. RICE. Now, sir, on what ground do you refuse to answer about the business of your wife?

Mr. COHEN. I refuse to answer on the ground that it may intend to incriminate me or my wife.

Mr. RICE. Now you are asserting the privilege with respect to your wife too; is that right?

Mr. COHEN. It's my wife.

Mr. RICE. All right, sir. I see "Expenses of telephone, \$23,909.24." What is that in connection with?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Do you have a telephone?

Mr. COHEN. Home, yes.

Mr. RICE. At home. Do you have any other telephones?

Mr. COHEN. I don't know.

Mr. RICE. You don't know?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Yes. I see. Now, did you ever pay \$23,909 for your home telephone?

Mr. COHEN. I refuse to answer.

Mr. RICE. What does that refer to?

Mr. COHEN. I don't know. It's on there.

Mr. RICE. Now, I see you have a rent item here of \$7,865.90 in the year 1949. What was that rent for?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. And you have an item of "Travel, \$3,616.38." What was that for?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. "Entertainment, \$2,063.90." What was that for?

Mr. COHEN. I refuse to answer, Mr. Rice.

Mr. RICE. Do you have an auditor?

Mr. COHEN. Yes, Mr. Rice.

Mr. RICE. Who is your auditor?

Mr. COHEN. A man by the name of Barnett.

Mr. RICE. A man by the name of Barnett. What is his first name?

Mr. COHEN. I could—Peter Barnett.

Mr. RICE. Peter Barnett?

Mr. COHEN. Yes.

Mr. RICE. And where is Peter Barnett located?

Mr. COHEN. On California Street.

Mr. RICE. And is he a certified public accountant?

Mr. COHEN. Yes, sir.

Mr. RICE. And does he do your auditing?

Mr. COHEN. Yes, sir.

Mr. RICE. Does he have your books?

Mr. COHEN. I don't think he has them; no, sir.

Mr. RICE. Is it possible?

Mr. COHEN. No; I don't think it's possible.

Mr. RICE. I see. I see an expense of \$1,125. Was that to Mr. Barnett during the year 1949?

Mr. COHEN. I don't know. If it is on there it must be.

Mr. RICE. Is it or isn't it?

Mr. COHEN. I don't know. I don't keep the books.

Mr. RICE. You don't keep the books?

Mr. COHEN. No.

Mr. RICE. Does anyone beside Barnett keep the books?

Mr. COHEN. I don't know right now.

Mr. RICE. What do those books relate to that you are speaking about?

Mr. COHEN. I refuse to answer.

Mr. RICE. Do you feel that you can make a statement about books and then assert the privilege about part of the books?

Mr. COHEN. I refuse to answer on any of them.

Mr. RICE. You refuse to answer that question?

Mr. COHEN. Yes.

Mr. RICE. I see an item here of Continental Press Service, an expense, for the year 1949, \$46,300. What was that for?

Mr. COHEN. I refuse to answer you, Mr. Rice.

Mr. RICE. Now, mind you, the wire service went out in California in 1948. This is 1949. The Continental Press is an acknowledged news service distributor. What was that payment for?

Mr. COHEN. I refuse to answer.

Mr. RICE. Now then, sir, I am told that Jack Dragna received \$500 a week on the part of Illinois Sports from General News. Do you know Jack Dragna?

Mr. COHEN. No, sir.

Mr. RICE. You don't know Jack Dragna?

Mr. COHEN. No, sir.

Mr. RICE. Well, in connection with the \$500 that Jack Dragna is receiving, is there any connection between that \$500 and the \$500 that you are paying to McGoldrick, or were paying?

Mr. COHEN. I refuse to answer any question. I don't know Mr. Jack Dragna, Mr. Rice.

Mr. RICE. Do you know Mr. Brophy?

Mr. COHEN. Yes, sir.

Mr. RICE. What business is he in?

Mr. COHEN. I don't know what business he is in now. I think that he is out of business.

Mr. RICE. Yes. What is his first name?

Mr. COHEN. There are two Brophy's.

Mr. RICE. Yes. Russell. Do you know Russell Brophy?

Mr. COHEN. Yes, sir.

Mr. RICE. And what business was he in before he got out of business?

Mr. COHEN. I don't know what business he was in. I knew Russell Brophy. He was born and raised here.

Mr. RICE. Yes. And what business was he in before he got out of business?

Mr. COHEN. I don't know. He just told me that he is out of business.

Mr. RICE. Did you ever transact any business with Russell Brophy?

Mr. COHEN. No, sir.

Mr. RICE. Did you ever send him any money?

Mr. COHEN. No, sir.

Mr. RICE. Did you ever send his organization any money?

Mr. COHEN. No, sir.

Mr. RICE. Are you sure about that?

Mr. COHEN. Yes, sir.

The CHAIRMAN. O. K. Anything else?

Mr. RICE. Have you ever been arrested, sir?

Mr. COHEN. Yes, sir.

Mr. RICE. And when and where was that, and what for?

Mr. COHEN. For contempt of court. [Laughter.] That's the truth. They laugh. But it was contempt of court.

Mr. RICE. Yes, sir; now, when and where was that?

Mr. COHEN. That was about 15 years ago.

Mr. RICE. Well, now, you weren't arrested for contempt of court, were you?

Mr. COHEN. Yes, sir.

Mr. RICE. What were you doing in court?

Mr. COHEN. I was sent down to Los Angeles for contempt of court.

Mr. RICE. Well, where did you commit the contempt?

Mr. COHEN. I don't know where.

Mr. RICE. You don't know where?

Mr. COHEN. No.

Mr. RICE. Tell us about that. How did that happen?

Mr. COHEN. I couldn't tell you how it happened. I was just given a subpoena to go to Los Angeles, and I went to Los Angeles.

Mr. RICE. And what happened when you got there?

Mr. COHEN. I was found guilty of contempt of court.

Mr. RICE. And what was that in connection with?

Mr. COHEN. I took it to the supreme court, and the supreme court overruled it. And that was the end.

Mr. RICE. Did it have any connection with a grand jury matter?

Mr. COHEN. No; I couldn't tell you. No; I have never been before a grand jury in my life.

Mr. RICE. Did you appear in court?

Mr. COHEN. Yes, sir.

Mr. RICE. Did you refuse to honor the subpoena?

Mr. COHEN. Where to? Los Angeles?

Mr. RICE. Can you help us, counsel?

Mr. FRIEDMAN. Yes; a violation of an injunction.

Mr. RICE. In connection with the PUC?

Mr. FRIEDMAN. It was in connection with a lot of things at that time. The case is reported in the California Reports.

Mr. RICE. Is it the McBride case?

Mr. FRIEDMAN. No; *Krehling and Cohen v. The Superior Court*.

Mr. RICE. Yes; and what was the subject matter of that injunction?

Mr. FRIEDMAN. It was—well, according to the opinion—you will find it in the opinion.

Mr. RICE. Yes, sir; what was it?

Mr. FRIEDMAN. It was violating an injunction against disseminating news.

Mr. RICE. Yes, sir.

The CHAIRMAN. Give us the citation where it is found in the California reports.

Mr. FRIEDMAN. I wouldn't know the volume. We have 7 or 800.

The CHAIRMAN. Supreme Court of California?

Mr. FRIEDMAN. Supreme Court of California.

The CHAIRMAN. How long ago?

Mr. FRIEDMAN. It is about 10 years ago. Close to 10 years ago. Maybe a little longer.

Mr. RICE. Did you have any other arrests, Mr. Cohen?

Mr. COHEN. No, sir.

Mr. RICE. In connection with that contempt, did you receive any sentence or fine?

Mr. FRIEDMAN. Yes.

Mr. RICE. In the lower court?

Mr. FRIEDMAN. Yes. There were 200 violations (I forget the number—a tremendous number of violations) in which there were, oh, many thousands of dollars' fine imposed and imprisonment. And the supreme court reversed the whole business.

Mr. RICE. Yes. Did he have codefendants with him at that time?

Mr. FRIEDMAN. Yes. And there were some companion cases at the time.

Mr. RICE. All right, sir.

The CHAIRMAN. Wasn't the Brophy case one of the cases that went up about that time?

Mr. FRIEDMAN. I'm not sure whether it was the Brophy case that went up at that time. But there were several that went up. There were two or three decisions all handed down at the same time.

The CHAIRMAN. Now, Mr. Cohen, what business were you in during 1940?

Mr. COHEN. 1940?

The CHAIRMAN. Prior to 1940.

Mr. COHEN. I don't remember.

The CHAIRMAN. You don't remember?

Mr. COHEN. No.

The CHAIRMAN. Well, speak up so we can hear you.

Mr. COHEN. No, I don't remember, Senator.

The CHAIRMAN. You can't remember what you did prior to 1940?

Mr. COHEN. 1940; no, sir.

The CHAIRMAN. Sir?

Mr. COHEN. No, sir.

The CHAIRMAN. You can't remember anything you did prior to 1940?

Mr. COHEN. I worked at the iron works. I don't know what year it was.

The CHAIRMAN. About when was that?

Mr. COHEN. I couldn't tell you what month, what year, it was. I worked over in the iron works.

The CHAIRMAN. Now, what other sort of work like that did you ever do? Did you ever work at any other factories?

Mr. COHEN. No, sir.



The CHAIRMAN. Did you ever work in any stores?

Mr. COHEN. No, sir.

The CHAIRMAN. Were you in the business of distributing wire news prior to 1940?

Mr. COHEN. I refuse——

The CHAIRMAN. Wire service?

Mr. COHEN. I refuse to answer, Senator.

The CHAIRMAN. Did you have any legitimate business prior to 1940?

Mr. COHEN. I refuse to answer, Senator.

The CHAIRMAN. Did you have any contract with any wire-service company in Chicago prior to 1940?

Mr. COHEN. I refuse to answer, Senator.

The CHAIRMAN. Did you have an office prior to 1940?

Mr. COHEN. I don't remember, Senator.

The CHAIRMAN. Well, do you have an office now?

Mr. COHEN. Yes, sir.

The CHAIRMAN. What is the name of the office you have now?

Mr. COHEN. No name.

The CHAIRMAN. No name?

Mr. COHEN. No.

The CHAIRMAN. Do you carry on any business in that office?

Mr. COHEN. No, sir.

The CHAIRMAN. Did you have the same office prior to 1940?

Mr. COHEN. Oh, no, sir.

The CHAIRMAN. What?

Mr. COHEN. No, sir.

The CHAIRMAN. Did you rent telephones prior to 1940?

Mr. COHEN. I didn't; no, sir.

The CHAIRMAN. You didn't?

Mr. COHEN. No, sir.

The CHAIRMAN. Did you publish a sporting sheet prior to 1940?

Mr. COHEN. I didn't; no, sir.

The CHAIRMAN. Well, you say "(You) didn't." Did your partner do it?

Mr. COHEN. No; I couldn't remember what he done. I didn't.

The CHAIRMAN. I mean, the firm of Krehling & Cohen. Did you publish a scratch sheet?

Mr. COHEN. Not that I know of.

The CHAIRMAN. Well, do you know whether you did or not?

Mr. COHEN. I don't know.

The CHAIRMAN. You don't know?

Mr. COHEN. I refuse——

The CHAIRMAN. You don't know?

Mr. COHEN. I refuse to answer.

The CHAIRMAN. You refuse to say whether you did or not?

Mr. COHEN. Yes. I don't know.

The CHAIRMAN. Did you have any wire distribution of news at all prior to 1940?

Mr. COHEN. I refuse to answer.

The CHAIRMAN. Was the firm of Krehling & Cohen in existence prior to 1940?

Mr. COHEN. Yes.

The CHAIRMAN. What was the nature of the business?

Mr. COHEN. I don't know. I wasn't in it.

The CHAIRMAN. Who was the "Cohen" that was in it?

Mr. COHEN. A brother.

The CHAIRMAN. Your brother?

Mr. COHEN. Yes.

The CHAIRMAN. When did you go into the business?

Mr. COHEN. I didn't—I refuse to answer.

The CHAIRMAN. You refuse to answer?

Mr. COHEN. Yes.

The CHAIRMAN. Anything else?

Mr. RICE. Yes. We have an interesting situation here, Mr. Chairman. Mr. McGoldrick's testimony was to the effect that his conversations were with Cohen, where Cohen would pay him \$500 per week for the privilege of having a franchise in California if and when something happened; and he was apparently getting no service, or claimed not to be getting service, and paying him \$500 per week for something not then in existence. I think it would be well to read the further testimony of Mr. McGoldrick, and you may wish to inquire of him further.

Mr. Robinson asked:

What position, if news had gone into California—what position would you have been in if Illinois Sports News or Continental decided to have a customer in California?

In other words, if one of the other possible distributors in California decided to put a customer in there in addition to Mr. Cohen.

Mr. McGoldrick says:

I don't understand your question.

Mr. ROBINSON. Well, would there have been anything to prevent Continental or Illinois Sports News from setting up a service in California?

Mr. MCGOLDRICK. No. On account of the press, I don't think they could. I believe there was an injunction against them for a wire in the State of California.

The CHAIRMAN. The point is, Did you have an agreement with the outfit that you bought from, Midwest, Continental, or anybody else, that you would have an exclusive territory for your news service?

Mr. MCGOLDRICK. Yes. If I sold a man, I could sell that man service in that State. Yes, sir.

The CHAIRMAN. And they would not bother you? I mean, they would not compete?

Mr. MCGOLDRICK. I don't think so; no, sir.

The CHAIRMAN. Was that part of the agreement?

Mr. MCGOLDRICK. Well, there wasn't actually an agreement.

The CHAIRMAN. That was the understanding, though?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. Wherever you were, you would be exclusive?

Mr. MCGOLDRICK. Yes, sir.

The CHAIRMAN. Was that the agreement with Continental, too?

Mr. MCGOLDRICK. I believe so; yes, sir.

The point is, sir, What was the \$500 that you sent to Mr. McGoldrick sent for?

Mr. COHEN. I refuse to answer you, Mr. Rice.

The CHAIRMAN. Mr. Cohen, if the law banning the news service from coming into California should be repealed, would you have any sort of a franchise out here?

Mr. COHEN. I refuse to answer, Mister—Senator—Your Honor.

The CHAIRMAN. Did you pay any money to perpetuate your franchise after the wire service was banned?

Mr. COHEN. I refuse to answer, Senator.

Mr. RICE. The record further shows, Senator, that Continental Press has a wire going down into Mexico, and the testimony before the McFarland committee in connection with the wire service indicated that Continental was transmitting by radio to California.

Mr. Witness, have you ever received any news service by radio from Mexico?

Mr. COHEN. I refuse to answer you, Mr. Rice.

Mr. RICE. Have you ever received any news service in any shape, manner, or form from Mexico?

Mr. COHEN. I refuse to answer you, Mr. Rice.

Mr. RICE. Have you ever received any from Continental Press?

Mr. COHEN. I refuse to answer you, Mr. Rice.

The CHAIRMAN. Very well. I don't think there is much use—well, Mr. Cohen, you will remain under subpoena, subject to further call. We will let you or your attorney know when we want you.

Mr. COHEN. All right, sir.

The CHAIRMAN. You leave me no alternative but to recommend that you be cited for contempt by the United States Senate.

Mr. COHEN. All right, sir.

The CHAIRMAN. I am sorry that is the case. We have tried to cooperate with you. That will be all now, sir.

I think it is very interesting to note that Mr. Cohen's payment to Continental Press of \$46,300 was allowed as a legitimate expense by the tax authorities of the United States—an item about which he refuses to testify. So I don't know what he is worrying about.

All right. Mr. Hoertkorn, will you come around.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HOERTKORN. I do.

#### TESTIMONY OF HAROLD T. HOERTKORN, CERTIFIED PUBLIC ACCOUNTANT, SAN FRANCISCO, CALIF.

The CHAIRMAN. Mr. Hoertkorn, you are a certified public accountant. Is that correct?

Mr. HOERTKORN. That is correct.

The CHAIRMAN. You have been working with Mr. Amis on some books that Mr. Samish brought in here?

Mr. HOERTKORN. Yes; I have been.

The CHAIRMAN. Mr. Amis reports to me that, insofar as the books he has, they seem to be in good shape and he can understand them. But the particular books that we want to get are the books showing the deposits to and the disbursements from the special Samish account. That is the one in the—

What is the name of the bank?

Mr. RICE. The Crocker Bank. The special account.

The CHAIRMAN. The Crocker Bank. What is the situation about those books and records?

Mr. HOERTKORN. I'm not aware that there are any books and records on that particular account. I have not seen any books and records.

The CHAIRMAN. Well, don't you do all of the auditing for Mr. Samish?



Mr. HOERTKORN. Yes; I do. I don't do his detailed auditing. I prepare his income-tax returns and supervise the accounting systems that he has.

The CHAIRMAN. Well, you heard the testimony here this morning, or, if you didn't, I might say that the testimony is that these checks would be signed by two of these three people on this special account——

Mr. RICE. Mr. Baker and——

The CHAIRMAN. Mr. Baker and somebody else; and that, when the checks came back to them, they sent the checks, together with the records, what they were for, back over to Mr. Samish. And it is the information about that account that we want to get.

Mr. HOERTKORN. I have been told by Mr. Samish that there is no records maintained on that. I understand the procedure from the testimony this morning, that the canceled checks after being reconciled come to Mr. Samish's office; at that particular time I believe they are destroyed.

The CHAIRMAN. Well, apparently Mr. Samish makes up the checks to be signed from some record that he gets, payments for expenses or traveling or whatever it may be, amounting to almost a million dollars over the course of the last 10 years. And don't you have any records to show what those payments are for?

Mr. HOERTKORN. We have no records whatsoever.

The CHAIRMAN. You mean those records are destroyed, too?

Mr. HOERTKORN. I doubt very much if any records are kept of those transactions.

The CHAIRMAN. The testimony this morning by one of the gentlemen who signs the checks was that the checks would be made out; that is, the name of the person to whom they were payable and the amount, and then they would be sent along with a memorandum as to what it was for; and they would just sign the checks automatically, return the checks signed and the memorandum from Mr. Samish. Isn't there any such record of that kind around?

Mr. HOERTKORN. To my knowledge, there is no record of that type.

The CHAIRMAN. How about the check stubs? Where are they?

Mr. HOERTKORN. I understand, as I said, after the bank account has been reconciled——

Mr. RICE. How often does that take place? Monthly?

Mr. HOERTKORN. Monthly, I believe; yes.

Mr. RICE. Yes.

Mr. HOERTKORN. At the end of every month the checks are given to Mr. Samish, and at that time he destroys them.

The CHAIRMAN. How about the check stubs? Don't they have a book to write stubs out on?

Mr. HOERTKORN. That I don't know.

The CHAIRMAN. I must say, sir, that this is a very unsatisfactory set of books we have. We are not getting any books at all about the main thing we want. It is that million-dollar account that we are interested in. Don't you think that that is a very unusual method of keeping books; to destroy your stubs, destroy your bills, destroy the returned checks, and the bank account slips and everything else?

Mr. HOERTKORN. I think that emphasis should be placed on that contract of 1935 that has been admitted as evidence. I think particularly paragraph B, page 2.



Mr. RICE. What is your point there, sir?

Mr. HOERTKORN. I believe it specifically states in the contract between the California Brewers' Association and Arthur Samish that his total compensation, including expenses, shall be \$2,500 per month, which income is fully reported, of course, in all tax returns.

Mr. RICE. What has that got to do with keeping the records of the account?

Mr. HOERTKORN. I don't—I don't see the need for Mr. Samish to keep a detailed bookkeeping of this account. In other words, the checks——

The CHAIRMAN. Well, sir, the need of it is that these contributors are charging one-half of that amount off as a deductible expense——

Mr. HOERTKORN. You must——

The CHAIRMAN. And if anybody would go to audit to see whether they were legitimate expenses or not, I don't see how they would find any records. You don't have them. You can't find them.

Mr. HOERTKORN. There is no question there are no records.

The CHAIRMAN. We hope that you will take another look and that you will get in touch with Mr. Samish and tell him that we are very much put out because there are no records, and that we hope he will make every effort to find them. And we'll be prepared to hear from Mr. Samish further at 10 o'clock in the morning. And would you, sir, come back at that time, too.

Mr. HOERTKORN. Yes, sir; I will.

Mr. RICE. Will you get in touch with him and find out if there are check stubs available? Do you destroy the checks themselves when they come back? Do you reconcile the account?

Mr. HOERTKORN. No. I have never seen the account.

Mr. RICE. Who reconciles the account?

Mr. HOERTKORN. I believe from the testimony this morning that the accountant for the California Brewers' Association reconciles the account.

Mr. RICE. No; I don't believe so, sir.

The CHAIRMAN. Who is that?

Mr. RICE. They indicated that the checks came over from Mr. Samish's office; they merely signed them and sent them back; and that the records, if any were kept, were kept by Mr. Samish.

The CHAIRMAN. Sir, who is the accountant for the California State Brewers' Institute?

Mr. HOERTKORN. That I don't know.

The CHAIRMAN. Well, who keeps the books over there?

Mr. HOERTKORN. I don't know that either.

The CHAIRMAN. With whom do you work, sir, when you are getting up reports about keeping books for Mr. Samish? With whom do you work?

Mr. HOERTKORN. I work with several people on Mr. Samish's staff.

The CHAIRMAN. Tell us who they are.

Mr. HOERTKORN. One would be Miss Ready. Miss Dorothy Ready.

The CHAIRMAN. Is she a bookkeeper?

Mr. HOERTKORN. Yes, she is.

The CHAIRMAN. "Miss" Ready?

Mr. HOERTKORN. Right.

The CHAIRMAN. Is she a secretary or bookkeeper?

Mr. HOERTKORN. I think she would be classified more in the nature of a bookkeeper.

The CHAIRMAN. And who is the next one?

Mr. HOERTKORN. Miss Martinell.

The CHAIRMAN. M-a-r-t-i-n——

Mr. HOERTKORN. e-l-l.

The CHAIRMAN. All right.

Mr. HOERTKORN. That would be the two people who take care of the bookkeeping records.

The CHAIRMAN. I will have to ask that Miss Ready and Miss Martinell also be here at 10 o'clock in the morning, if they agree to come. Otherwise we will serve a subpoena on them, Mr. Amis. Because we will have to get at the bottom of this. Also we want the accountant for the California Brewers' Association present in the morning at 10 o'clock. And will you find out who that is and get him here and with such records as he has.

Mr. RICE. Probably Mr. Hamilton should come back too.

The CHAIRMAN. And I think Mr. Hamilton should come back also.

Mr. RICE. And maybe Mr. Baker, who signs the checks.

The CHAIRMAN. But let's have Miss Ready and Miss Martinell here with such records as they have, the accountant for the California Brewers' Association, and Mr. Hamilton.

And I would appreciate it, sir, if you will come back.

Mr. HOERTKORN. Certainly. I will be here tomorrow morning.

The CHAIRMAN. Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BUCHER. I do.

The CHAIRMAN. All right. Sit down, Mr. Bucher.

Now, Mr. Rice, will you and Mr. Bucher get along and get down to the point of our discussion.

**TESTIMONY OF CARROLL S. BUCHER, ATTORNEY AT LAW, SAN FRANCISCO, CALIF., ACCOMPANIED BY THOMAS J. RIORDAN, ATTORNEY, SAN FRANCISCO, CALIF.**

Mr. RICE. Mr. Bucher, you are a member of the bar?

Mr. BUCHER. I am.

Mr. RICE. And where is your office, sir?

Mr. BUCHER. 924 Mills Building, San Francisco.

Mr. RICE. Yes, sir. Now, did there come a time when your services were sought by a Mrs. Jenkins?

Mr. BUCHER. Yes.

Mr. RICE. And will you tell us about that, sir.

Mr. RIORDAN. Now, just a moment. I might as well start in preliminarily——

The CHAIRMAN. Just a minute. Now, you sit over here with him before you make an objection.

Mr. RIORDAN. Mr. Chairman, I have to start preliminarily to make an objection.

The CHAIRMAN. Just a minute, now. We have counsel over here.

Mr. RIORDAN. I will be guided by you, but I want to make my record.

Mr. BUCHER. That is Thomas J. Riordan; R-i-o-r-d-a-n.

The CHAIRMAN. Now, Mr. Riordan, Mr. Bucher is a very much older lawyer than you. But are you representing Mr. Bucher?

Mr. RIORDAN. Well, it might be considered that for the moment. We are both associates for Mrs. Jenkins on a criminal indictment.

The CHAIRMAN. Very well. What is your objection?

Mr. RIORDAN. My objection is this: That the client that he originally represented and still represents on this criminal indictment with me is facing an accusation of failure to report her income tax correctly. She is a lady who gave the famous report through Mr. Burkett about the Reno investment—that famous mining stock thing.

Now, after all, Senator and counsel, you know that he is in the position of a confidential adviser. Mrs. Jenkins was promised that there would be no indictment against her when she finally was asked, not first by Mr. Burkett but later—that there would be no criminal prosecution.

Now, I am perfectly willing to have Mr. Bucher and Mrs. Jenkins tell all they know about the transactions. But in fair conscience and in equity, as I have been before the court, Judge Harris and Mr. McMillan this morning, I would like a fair break on this, whether the law allows it or not. She told what she knew and he is willing to tell what he knows. But in fair dealing, I am going to tell him not to answer unless we get a square deal from the Government on what she was promised and that she shouldn't have been criminally prosecuted. Now, I tell him not to answer, because he has a confidential relation with her as an attorney—just like the confessor with religious—

The CHAIRMAN. Let's get two matters clear.

Mr. RIORDAN. So that is my simple thing, Senator.

The CHAIRMAN. You have something that you want to say, Mr. Bucher?

Mr. RIORDAN. I tell him not to answer anything. Now, if—

The CHAIRMAN. Let me understand. Do you represent Mr. Bucher or Mrs. Jenkins?

Mr. RIORDAN. I represent Mrs. Jenkins. But Mr. Bucher asked me to come out and advise him too.

Is that correct?

Mr. BUCHER. That's correct.

Mr. RIORDAN. Then you had better stay under my instructions.

You have been very courteous, Mr. Senator.

The CHAIRMAN. Mr. Riordan, this is a right strange thing here. Both of you represent Mrs. Jenkins but you represent Mr. Bucher.

Mr. RIORDAN. Because he asked me to come out.

The CHAIRMAN. And he looks like a lawyer of great experience.

Mr. BUCHER. Thank you, sir.

Mr. RIORDAN. Well—

The CHAIRMAN. And a man of very fine judgment.

Mr. RIORDAN. He had better write out that piece of paper like Mr. Cohen had.

Mr. BUCHER. I am in this position—

Mr. RIORDAN. Well, if you start talking now—

The CHAIRMAN. Let me make two things clear: First is that we are not asking you and we don't want you to violate any confidential privilege or communication that you have had with your clients.



Mr. BUCHER. I know that.

The CHAIRMAN. So if you can't give us any testimony except something that has been given you in confidence as a client to an attorney, we don't want it.

The second thing is that Mr. Riordan "propositions" the committee here: That he would like for you to testify if we will take up the cause to see that Mrs. Jenkins gets a square deal.

Mr. RIORDAN. That's right.

The CHAIRMAN. We manifestly, Mr. Riordan, could not and would not think of trying to interfere with the administration of justice. That is a matter for the courts, the Department of Justice, the Internal Revenue Bureau. We will make no promises that we will do anything on behalf of anybody, except to try to treat them fairly before this committee. So that I do not want Mr. Bucher's answers to any questions carry with them the implication that this committee is going to help your client, Mrs. Jenkins, with any department of the Government or in any case that may be pending against her or about her.

And we do not want you, sir, to answer any questions about any confidential communication between you and your client. With those limitations, if you can tell us something about the matter we would of course be very glad to hear it.

Mr. BUCHER. Senator, I want you to understand, following up Mr. Riordan's suggestion, my position in the matter in this regard: That I have represented Mrs. Jenkins for several years, I still represent her, and in the particular matter of which Mr. Riordan speaks he and I are associated together.

The CHAIRMAN. Yes.

Mr. BUCHER. Now, obviously, I'm not going to prostitute my office nor divulge anything that I believe would be a violation of that professional situation that exists without her consent, and for that reason I want you to understand Mr. Riordan's position here. I have been a little bit in doubt as to just what I would be able to state to the committee without violating that, and that's the reason I have asked Mr. Riordan to advise me inasmuch as he is associated with me in the defense of this woman.

Now, that's about as far as I can go. I am perfectly willing to—

Mr. RIORDAN. And, Senator, on that point, I have advised him that to your committee or a grand jury that is being held over, mind you; to you, sir, Mr. Robinson, I am perfectly willing to have him and have this lady come in—your committee may be gone then temporarily—to come in and tell. But I want her to get what she understood she was getting when she first started to talk. And that's the reason in my opinion she was indicted, because she told about this transaction up in Reno.

And so I say to you, sir, as her attorney, too, don't you answer anything concerning the case that circumvents it until I find out whether we get immunity. And if we don't, my opinion is that we stand on our rights for her.

The CHAIRMAN. That is very good.

Mr. RIORDAN. That is my straight opinion.

The CHAIRMAN. The only immunity you get here is what any other witness would get. There will be no special privilege given—



Mr. RIORDAN. Then I would say to you——

The CHAIRMAN. Just a minute. Just a minute, Mr. Riordan. Take it easy.

Mr. RIORDAN. Pardon me.

The CHAIRMAN. There will be no special privilege given anybody. We cannot operate on that kind of basis. The statute, as you know, provides that any testimony given here cannot be used in any court. That is, what Mr. Bucher says cannot be repeated as evidence somewhere else. Of course other people hear what is said and there is a possibility that it might affect it one way or the other.

Now let me ask this, Mr. Bucher: Aside from your confidential relationship with your client; aside from any matter that might be involved in your representation of her, are there any facts in connection with the Hartmann-Consolidated Copper Co. transaction that do not relate to the things that you think you should not testify about?

Mr. RIORDAN. Stand—now will you let me—stand on your confidential relationship.

The CHAIRMAN. Now, just a minute, Mr. Riordan. You sort of sit over this way [indicating].

Mr. RIORDAN. But I am trying to tell him he shouldn't answer anything.

Mr. BUCHER. Wait a minute.

Mr. RIORDAN. It all circumvents the confidential relation.

The CHAIRMAN. He is older and more experienced than you.

Mr. RIORDAN. All right. You do what you want.

Yes; I have been through the mill, Senator.

Mr. BUCHER. Senator, that's very difficult for me to answer. For this reason: it is difficult for me to segregate confidential relationships as compared with those that are not confidential. If I start to relate any of these circumstances, without a shadow of a doubt I am going to be breaking over the line——

Mr. RIORDAN. Over the line. Sure.

Mr. BUCHER. And indulging in some of those relationships which are confidential between attorney and client.

The CHAIRMAN. All right.

Mr. BUCHER. And I don't want you to feel that I am disrespectful to you or the committee.

The CHAIRMAN. No. We don't want to impose on you.

Mr. BUCHER. I want to do anything I can.

The CHAIRMAN. Suppose, Mr. Bucher, you and Mr. Riordan study the matter over until in the morning.

Mr. RIORDAN. I will be glad to do that, sir.

The CHAIRMAN. And see if under the limitations that I have stated, there are any parts about the transaction about which Mr. Bucher can testify that do not violate the privilege that he has with his client.

Mr. RIORDAN. We will surely do that.

The CHAIRMAN. And if you do, I hope you will be here in the morning.

Mr. RIORDAN. We surely will. You have been very courteous to us.

Mr. BUCHER. I will be very glad to do that.

Mr. RICE. May I make a suggestion?

Mr. BUCHER. Yes.

Mr. RICE. It may be possible that you may wish to confer with Mrs. Jenkins and she may be in a position to release you from the confidential relationship.

The CHAIRMAN. Or if you want to bring Mrs. Jenkins around, all three of you can appear before the committee.

Mr. RIORDAN. I don't want to have any illusions, Senator. My position is, and having been through this for many years, sir, until I get something in writing, which you indicate to me that we can't get here, and if this grand jury that is being held over by Mr. McMillan, on a written immunity—that all dovetails into what you are relating—then he and the lady will testify before the grand jury [sic].

The CHAIRMAN. Of course nothing that is said here can be used before the grand jury.

Mr. RIORDAN. Oh, yes. But what he says here might be used against her.

The CHAIRMAN. We, legally, and as a matter of principle, can't give you any immunity.

Mr. BUCHER. I appreciate that. I will see you in the morning.

The CHAIRMAN. You be here at a quarter of 10 in the morning.

Mr. RIORDAN. I will say to you, sir, in your courtesy, that I don't think that we will be able to give you anything. And you have been very nice.

The CHAIRMAN. That is what I am afraid of too.

Mr. BUCHER. We will try to.

The CHAIRMAN. Call Mr. Sanford, please.

Do you swear the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SANFORD. I do.

The CHAIRMAN. Will you have a seat over here, Mr. Sanford.

**TESTIMONY OF HOLDEN SANFORD, SPECIAL AGENT, INTERNAL REVENUE BUREAU, SAN FRANCISCO, CALIF., ACCOMPANIED BY WALTER M. CAMPBELL, REGIONAL COUNSEL, PENAL DIVISION, BUREAU OF INTERNAL REVENUE, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Will you have a seat over here, Mr. Sanford.

Mr. Sanford, you are here and Mr. Campbell is with you.

And do you have any statement you want to make, Mr. Campbell? Mr. Campbell, what is your first name?

Mr. CAMPBELL. Walter M.

The CHAIRMAN. And you are the chief of the Bureau of Intelligence, Bureau of—

Mr. CAMPBELL. My exact title, Senator, is regional counsel of the Penal Division, Bureau of Internal Revenue. I am appearing here on the instructions of the chief counsel and the Under Secretary of the Treasury, as well as the Acting Commissioner.

The CHAIRMAN. Yes, sir. And I want to say that I have heard that you have done very good work, Mr. Campbell, and that you are a very good man in your position.

Mr. CAMPBELL. Thank you, sir.

The CHAIRMAN. But what is the nature of your appearance?

Mr. CAMPBELL. To relate to the Senator the fact that pursuant to a telegram from the Senator to the Commissioner, which has been

replied to by the Commissioner, as I understand, to you, at the present time the orders from the Acting Commissioner of Internal Revenue, as approved by the Under Secretary of the Treasury, are that the representatives of the Bureau of Internal Revenue should not discuss official investigations or official matters in a public or open hearing but will testify freely and completely and produce whatever evidence the committee is interested in in a closed or executive hearing.

I might state that since talking to you during the last recess, I have been endeavoring to contact Washington for further instructions but have not yet been able to do so.

The CHAIRMAN. Yes, sir. Well, Mr. Campbell, last night the chairman of the committee sent Mr. Schoenenian, Commissioner of Internal Revenue, a telegram asking clearances for testimony on certain matters under investigation or being handled by Mr. Davies and others in the Intelligence Unit for open session. You have heard the telegram read, and it was made very clear.

Mr. CAMPBELL. It was read to me this morning, sir.

The CHAIRMAN. Yes, sir. And this telegram back is in response to that, in which they give full clearance but say :

Have been authorized to appear before your committee and testify in closed session and to make available to your committee pertinent reports—

and so forth. Of course the telegram to Mr. Schoeneman said that it would be an "open" session and it would be "open" testimony. So that since I met you during the recess, you have tried to get in touch with somebody to see if you could get clearance, and you felt that they would give you clearance if you could get in touch with them?

Mr. CAMPBELL. I have attempted to do so, Senator, but have not been able to reach anybody.

The CHAIRMAN. But because of the time it has been impossible for you to reach them?

Mr. CAMPBELL. That is correct, sir.

The CHAIRMAN. I think, Mr. Campbell, in fairness to the committee and to the Internal Revenue Department, and especially to Mr. Sanford, since the other part of this testimony has been given this afternoon it would be very unfair to him and to the committee and to the Department for the reports that have been testified to here this afternoon to go out across the country without Mr. Sanford's statement about it.

Mr. CAMPBELL. May I request, then, Senator—

The CHAIRMAN. So for that reason I am going to overrule, or at least as far as I am concerned, the limitation in this telegram and direct Mr. Sanford to testify.

Mr. CAMPBELL. Senator, may I intervene with one thought?

The CHAIRMAN. Yes, sir.

Mr. CAMPBELL. In fairness to Mr. Sanford, who has been directly ordered by his superiors in Washington in line with that telegram, may the taking of his testimony be continued until tomorrow morning, and prior to which time I am sure that we can reach responsible officials in Washington for the purpose of again discussing with them this subject?

The CHAIRMAN. Well, Mr. Campbell, you mean let him testify this afternoon and then continue it in the morning?



Mr. CAMPBELL. No, Senator. To postpone the taking of his testimony until tomorrow morning.

The CHAIRMAN. Mr. Campbell, it would be all right with me to do that. I mean, I would have no personal objection. But I think it would be a very bad thing for the Department and for Mr. Sanford. I do not know what Mr. Sanford's side of this argument is. But this is an open hearing, we are all here, and to have part of it go out without Mr. Sanford's statement about it seems to me to be not the right thing to do. So I shall have to ask that Mr. Sanford testify at this time.

Mr. CAMPBELL. Senator, may I state that apparently we have made some contact with Washington at this time. Is that correct?

The CHAIRMAN. I am certain that if Mr. Schoeneman and the officials in Washington knew the situation here, they would release their prohibition on Mr. Sanford testifying.

Mr. CAMPBELL. May I state, Senator, that I was just advised that the Secretary of the Treasury had reaffirmed that instruction.

The CHAIRMAN. Reaffirmed the instruction here?

Mr. CAMPBELL. As contained in the telegram.

The CHAIRMAN. Very well.

Mr. SANFORD. Senator, I would like to state that I came up expecting to testify and willing to testify, and for that matter desirous of testifying, and it is not my idea at all of not testifying or demanding a closed hearing. But, however, I do have to abide by whatever my superiors tell me. I know that Mr. Campbell and Mr. Davies feel that both he and I should be allowed to testify under these conditions. But inasmuch as we have received these instructions, I know of nothing else that I can do but to refuse to testify.

The CHAIRMAN. Well, Mr. Sanford, you are here; you have been sworn in as a witness; you will be asked questions. If you want to refuse to testify, then that is a matter you will have to work out later.

Go ahead, Mister——

Mr. SANFORD. Well, it seems to me sort of unfair to put me in between——

The CHAIRMAN. It is not unfair.

Mr. SANFORD. To put me between Washington and your committee.

The CHAIRMAN. Well, we have a right to call witnesses to testify before this committee. The matter under investigation here does not pertain to your income tax. It is another matter over which we feel that this committee has jurisdiction. So I don't think that our hearing can be limited, in this case anyway, by a closed session. In the first place, if we should close this session and have an executive session, the public would never understand. They are entitled to know the facts. I know that you want the public to know the facts.

So we will have to ask you questions. And I think that the power of the committee is paramount to just an order from an Acting Commissioner with reference to what sort of a hearing you can testify in. And at least that will be the ruling of this chairman.

Mr. CAMPBELL. May I interpose one last remark and then I shall remain silent.

I wish the record to show that Mr. Sanford has been advised of the instructions that have been received from Washington. Further than that, I shall interpose no objection of any kind or make any further statements.



Mr. SANFORD. Well, in this connection do I have the right of asking Mr. Campbell what would be violating these instructions then?

The CHAIRMAN. Well, if you violate them, you are violating them upon orders of the chairman of this committee. You can tell Mr. Campbell that. Because the committee is ordering you to testify and we are anxious to get on with your testimony. And Mr. Campbell can advise you about which order is superior.

Do you want to have a conference, Mr. Campbell?

Mr. SANFORD. Yes.

Mr. CAMPBELL. No, Senator. My instructions were very explicit: to give the statement to Mr. Sanford and instructions, which I have—however reluctantly under the circumstances they may have been given.

The CHAIRMAN. Yes, sir. Back in Washington it is rather difficult for them to appreciate the situation we might be in here.

Mr. CAMPBELL. And it was for that reason, sir, that I have been endeavoring to reach Washington in view of present developments, to see if some softening of that order can be obtained. But apparently Washington is adamant.

The CHAIRMAN. All right. Mr. Sanford, you heard most of this testimony here. Do you want to tell your side of this story?

Mr. SANFORD. Upon instructions of my superiors I will have to refuse to testify.

The CHAIRMAN. I mean, there is no use of asking you any questions about the transaction? You refuse to answer?

Mr. SANFORD. Yes, sir.

The CHAIRMAN. Well, we will have no alternative, if you want to persist in that, but to ask that you be placed in contempt of the committee, Mr. Sanford. I am telling you what my recommendation will be. If that changes your opinion, you can go on and testify. Whenever we reach a point where somebody in the executive department can tell a witness, a Federal employee, he can testify or not testify, then the power of Congress to investigate has been dealt a death blow. And I am satisfied the courts would never sustain that position.

Mr. SANFORD. Well, couldn't you deal with the Treasurer or the Commissioner of Internal Revenue?

The CHAIRMAN. We made our recommendation. They decided the other way. I overrule their decision. I have. And the proposition is now up to you as to whether you want to testify. If you don't, I have no alternative but to recommend contempt.

Mr. SANFORD. Well, I would like to have a conference on that.

The CHAIRMAN. All right. Have a conference.

Who is the next witness?

We will have a 5-minute recess.

(Short recess.)

The CHAIRMAN. At this point in the record, I do not have the telegram that was sent to Mr. Schoeneman last night or early this morning but it will be read in the record. The substance of the telegram was that Mr. Davies and other members of the Internal Revenue Bureau were willing to testify and have their reports used in this examination, that they wanted official clearance from Washington before it was done; and the telegram stated that this would be an open hearing and that I requested that they be given permission to make the reports available for questioning in open session.

(The telegram to Commissioner Schoeneman from Senator Kefauver is as follows:)

MARCH 1, 1951.

GEORGE SCHOENEMAN,  
*Commissioner, Internal Revenue,  
Department of the Treasury, Washington, D. C.:*

Senate Committee holding open hearing March 2 in San Francisco at 10 o'clock. Had lengthy conference with Mr. Ralph Davies, agent in charge, intelligence section. In order to present essential picture including Bureau's position and action in matters feel that absolutely necessary that Davies be allowed to testify and that certain of his reports be used for questioning others. Strongly urge that full clearance be given to Davies and other agents in this area for testimony. Newspapers seem already to be fully aware of pertinent facts.

ESTES KEFAUVER.

The CHAIRMAN. Apparently Mr. Schoeneman is not in Washington, but the telegram received from Fred Martin, Assistant Commissioner, is as follows, having been received at 4:15 p. m.

This is a copy?

Mr. CAMPBELL. Yes.

The CHAIRMAN. It reads:

Senator ESTES KEFAUVER,  
*Mark Hopkins Hotel,  
San Francisco, Calif.:*

Your telegram March 1, 1951, does not identify subject matter about which you desire testimony of special agents or reports. I have ascertained it may be your purpose to inquire about the following cases: Ernest Mike Schino, Mountain City Consolidated Copper Co., Patrick Mooney, Martin H. Hartmann, Arthur H. Samish, Elmer F. Remmer, Emilio Georgetti, David M. Kessel, Walter H. Pechart, and to have testimony of Special Agent in Charge Davies, Special Agents Crabtree, Davis, Weaver, and Sanford on that understanding. Special Agent in Charge Davies and Special Agents Crabtree, Davis, Weaver, and Sanford have been authorized to appear before your committee and testify in closed session and to make available to your committee pertinent reports concerning the same cases, with further understanding that Mountain City Consolidated Copper Mining Co. and individuals concerned in it, also Remmer cases, are in jurisdiction of Department of Justice by reference from this department.

FRED MARTIN,  
*Assistant Commissioner.*

Mr. Sanford, I frankly sympathize with you for the dilemma you are in. You have instructions one way and the chairman of this committee has given you instructions the other way. But I can't help but feel that in fairness to the Internal Revenue Department and to you, and for the welfare of the country, and also considering the fact that the power of congressional committees to make investigations and get the facts is one that has always been recognized by the Constitution and as a very necessary part of our legislative process, we cannot in the public interest and for precedents that would be established allow the ruling or the order of an Assistant Commissioner of the Internal Revenue Bureau or anybody else in the executive department to thwart and delay or guide the work of a congressional committee. So that I have told you, you have to testify and the penalty for not doing so, and you have had a further conference with Mr. Campbell. Do you want to tell us the result of that conference?

Mr. SANFORD. Senator, I am inclined to agree with you, but I have been instructed not to testify. I hope that this evening the local authorities are able to get in touch with Washington and that they will give me permission to testify tomorrow.

The CHAIRMAN. I see. Well, as the situation now is, you understand what it is: You are ordered to testify. However, I do sympathize with you.

That will be all. It is very unfortunate.

Mr. RICE. One moment, please.

The CHAIRMAN. There is no use of asking any questions to get a refusal for the record, is there, because you won't answer?

Mr. SANFORD. That's right, sir.

The CHAIRMAN. All right. That is all.

Mr. CAMPBELL. Thank you.

The CHAIRMAN. All right. Let's call Mr. Mooney in.

We are going to try to stop by 6 o'clock tonight and resume at 9:30 in the morning.

Mr. Mooney.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PATRICK MOONEY (senior). I do.

The CHAIRMAN. Now, gentlemen (to the press photographers), Mr. Mooney is an elderly man. Let's leave off the picture-taking and get down to the points involved.

**TESTIMONY OF PATRICK MOONEY, SR., FORMERLY CHIEF FIELD DEPUTY, BUREAU OF INTERNAL REVENUE, RENO, NEV., ACCOMPANIED BY PATRICK MOONEY, JR., RENO, NEV.**

The CHAIRMAN. Mr. Mooney, where do you live?

Mr. MOONEY (senior). Reno, Nev.

The CHAIRMAN. I believe you are about 80 years old?

Mr. MOONEY (senior). Eighty-one the 17th of March coming up.

The CHAIRMAN. You were formerly collector in the United States Treasury Department at Reno?

Mr. MOONEY (senior). Chief field deputy.

The CHAIRMAN. I mean, chief field deputy.

Mr. MOONEY (senior). Yes.

The CHAIRMAN. Is that substantially the same position that Mr. Schino had in this section over here?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And what States or what sections comprise the district of the Reno office?

Mr. MOONEY (senior). The entire State of Nevada.

The CHAIRMAN (to Mr. Mooney (junior)). Oh, excuse me, sir. You are representing Mister—

Mr. MOONEY (senior). He is my son, and I don't hear very well.

The CHAIRMAN. He is your son?

Mr. MOONEY (junior). Yes.

The CHAIRMAN. And what is your name?

Mr. MOONEY (junior). Pat Mooney.

Mr. MOONEY (senior). Junior.

The CHAIRMAN. I see. Mr. Mooney, you were instrumental in the formation of a copper company?

Mr. MOONEY (senior). The Mountain City Consolidated Copper Co.



The CHAIRMAN. The Mountain City Consolidated Copper Co. Is that correct?

Mr. MOONEY (senior). Correct.

The CHAIRMAN. There is another copper company of similar name, is there not?

Mr. MOONEY (senior). The Mountain City Copper Co. That's a subsidiary of Anaconda—or was.

The CHAIRMAN. The only difference is that yours has the "Consolidated" in it?

Mr. MOONEY (senior). "Consolidated." We consolidated two or three different groups of grounds.

The CHAIRMAN. When was the Mountain City Consolidated Copper Co. organized?

Mr. MOONEY (senior). In August 1937.

The CHAIRMAN. And what was your position with it at that time?

Mr. MOONEY (senior). Secretary-treasurer.

The CHAIRMAN. Did you also have investments in it?

Mr. MOONEY (senior). What did you say?

The CHAIRMAN. Did you also put some money in it to begin with?

Mr. MOONEY (senior). Not to begin with.

The CHAIRMAN. It was organized in nineteen and——

Mr. MOONEY (senior). Thirty-seven.

The CHAIRMAN. Thirty-seven. In the first place, where was it organized—under the laws of what State?

Mr. MOONEY (senior). Nevada.

The CHAIRMAN. And who were the other officers besides you?

Mr. MOONEY (senior). There was—Mr. Thatcher was president; I was secretary and treasurer; and J. B. Williams; Jackson——

The CHAIRMAN. Wait a minute, now. J. B. Williams—what was he?

Mr. MOONEY (senior). He was a revenue officer in the Reno office at that time.

The CHAIRMAN. I know. But what office did he hold in the copper company?

Mr. MOONEY (senior). He was just a qualifying director. He resigned after the company was formed.

The CHAIRMAN. But his name continued to appear as an officer even when we were here in November.

Mr. MOONEY (senior). It shouldn't have then. I didn't know. He resigned. But the records show—the special intelligence brought that all out when they were up there investigating the whole thing. He resigned as soon as the company formed. I didn't know it.

The CHAIRMAN. But he forgot that he had resigned, too?

Mr. MOONEY (senior). I don't know whether he did or not, but the minutes show it.

The CHAIRMAN. Because his name apparently was still carried on the stationery as one of the officers or directors, I believe.

Mr. MOONEY (senior). Not on the stationery.

The CHAIRMAN. And the testimony we had in November, I think, when we were here was that he was still an officer at that time.

Mr. MOONEY (senior). Well, it's in error. He shouldn't have been an officer, because he resigned.

The CHAIRMAN. He had resigned and forgot even having resigned. Is that about the size of it?



Mr. MOONEY (senior). What say?

The CHAIRMAN. He had turned in the resignation but you had apparently forgotten about it or you didn't know about it?

Mr. MOONEY (senior). I didn't know about it; no.

The CHAIRMAN. What property did the copper company have?

Mr. MOONEY (senior). We had about 16 claims.

The CHAIRMAN. Yes. And where were those claims located?

Mr. MOONEY (senior). Adjoining the Mountain City Copper Co.

The CHAIRMAN. And tell us what progress the venture has made. That is, have you ever gotten copper? Have you ever gotten anything of value out of the claims?

Mr. MOONEY (senior). Low-grade. It never was in production.

The CHAIRMAN. It never went into production?

Mr. MOONEY (senior). No.

The CHAIRMAN. You did buy a good deal of equipment in the beginning, diamond drills, and tried to locate a vein, but you never could locate one?

Mr. MOONEY (senior). We have located. We haven't got the objective yet underground. We have a shaft 300 feet deep. There are two compartment shafts. It cost \$75 a foot. It's wet. And a wet shaft costs about 40 percent more than a dry shaft.

The CHAIRMAN. Now, as a matter of fact some years ago it was practically abandoned as far as a workable mine was concerned; wasn't it

Mr. MOONEY (senior). In 1937—in 1947.

The CHAIRMAN. In 1947?

Mr. MOONEY (senior). Yes. Not abandoned, no. We haven't given up hope yet.

The CHAIRMAN. Sir?

Mr. MOONEY (senior). We haven't given up hope yet.

The CHAIRMAN. Well, last year you did put in \$200 to keep your rights, or something or other; didn't you?

Mr. MOONEY (senior). Yes; to do the assessment work.

The CHAIRMAN. Yes; to pay the assessment.

Mr. MOONEY (senior). Yes.

The CHAIRMAN. But that is the only activity that took place last year, I think; wasn't it?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. So it has never been a producing mine?

Mr. MOONEY (senior). No.

The CHAIRMAN. How many shares of stock are authorized to be sold by this corporation?

Mr. MOONEY (senior). 2,500,000 shares; par value, 10 cents.

The CHAIRMAN. How much would that be? Would that be \$250,000?

Mr. MOONEY (senior). Right.

The CHAIRMAN. So if all this stock had been purchased, you would have had in \$250,000; is that correct?

Mr. MOONEY (senior). (No response.)

The CHAIRMAN. If all the stock had been purchased, you would have had in \$250,000?

Mr. MOONEY (senior). At the par value of 10 cents; yes.

The CHAIRMAN. Yes, sir. Now, Mr. Mooney, you know Martin Hartmann; don't you?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. He was convicted, I believe in 1945, of a so-called blue-sky violation of the State of California.

Mr. MOONEY (senior). Right. Right.

The CHAIRMAN. And was sentenced, I believe, to 5 years or some amount of time.

Mr. MOONEY (senior). I don't know what he was sentenced to.

The CHAIRMAN. And you stood good for him, or whatever the term may be, and got him out on parole; didn't you?

Mr. MOONEY (senior). I put up money to clear him.

The CHAIRMAN. You put up money?

Mr. MOONEY (senior). With the corporation commission.

The CHAIRMAN. But he was actually convicted and sentenced; wasn't he?

Mr. MOONEY (senior). I don't know.

The CHAIRMAN. I think the testimony——

Mr. MOONEY (senior). He was arrested.

The CHAIRMAN. Anyway, you put up money?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. To get him cleared of whatever the situation was?

Mr. MOONEY (senior). Yes; right.

The CHAIRMAN. And then did he or didn't he start selling stock for the Mountain City Consolidated Copper Co.? Didn't he join you in this enterprise, selling stock?

Mr. MOONEY (senior). Yes, yes; as a salesman.

The CHAIRMAN. As a salesman. And what was he to get out of the stock that was sold?

Mr. MOONEY (senior). We sold some at 25 cents, and he got 10 cents; we sold quite a bit at 40 cents, and he got 15 cents.

The CHAIRMAN. The par value was 10 cents?

Mr. MOONEY (senior). Yes. You can't get nowhere on 10-cent stock nowadays.

The CHAIRMAN. So on a 25-cent sale he got 10 cents?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And on 40 cents he got 15?

Mr. MOONEY (senior). Fifteen.

The CHAIRMAN. Did you sell any at any higher than that?

Mr. MOONEY (senior). What did he say?

Mr. MOONEY (junior). Did you sell any higher than 40 cents?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. What was the highest you sold stock for?

Mr. MOONEY (senior). In 1947 Mrs. Jenkins came to my office in Reno——

The CHAIRMAN. Now, this is Mrs. Jenkins whom we have had some discussion about this afternoon, who has been involved in an abortion racket; is that correct?

Mr. MOONEY (senior). Yes.

Mr. RICE. That the Attorneys Bucher and Riordan were discussing?

Mr. MOONEY (senior). Those two attorneys that were here before were discussing?

That is the same one, though.

The CHAIRMAN. Yes. And she was convicted and sent up, I believe, and has been serving time in connection with operating an abortion racket or something of that sort.

Mr. MOONEY (senior). Her case was coming up for appeal at that time.

The CHAIRMAN. Yes. That was a State case?

Mr. MOONEY (senior). State case.

The CHAIRMAN. Yes. It was on appeal and she had not been incarcerated at that time? She had not been sentenced finally at that time?

Mr. MOONEY (senior). She was sentenced but was on an appeal.

The CHAIRMAN. Yes. It was on an appeal and she was out on bond?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. She also had an income tax case pending at that time; hadn't she?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. When did you first know that she had a case pending?

Mr. MOONEY (senior). Mr. Hartmann came to me and wanted to know if I could do anything about the case. And I told him I would see Mr. Schino. Now get this very particular, gentlemen.

The CHAIRMAN. Yes. You tell us about it.

Mr. MOONEY (senior). Mr. Schino says: "It's in the hands of the fraud squad." That I didn't know until I went up to the office and saw Mr. Schino. He says: "I've called the fraud squad, and you can interview him as a matter of courtesy to you." And he went away back in his chair and sat down when the fraud squad came in.

The CHAIRMAN. Yes, sir.

Mr. MOONEY (senior). And they told me that they had a drug store, and some other stuff, and they couldn't get no information and the case would go into quite a bit of money. And that was all. As soon as I found out the fraud squad had the case, I backed away from it right away.

The CHAIRMAN. Did you come down here to see Mr. Schino?

Mr. MOONEY (senior). No. I was down here on a visit at the time.

The CHAIRMAN. Yes. So when Mr. Hartmann came to see you, did he tell you that he would like you to try to do something for Mrs. Jenkins?

Mr. MOONEY (senior). If it was possible. I told him I would look into the status of the case.

The CHAIRMAN. What was the point of you doing anything for Mrs. Jenkins?

Mr. MOONEY (senior). Well, it was a matter of courtesy because Hartmann asked me.

The CHAIRMAN. But did he tell you at that time that he had a deal on to sell her some stock?

Mr. MOONEY (senior). No.

The CHAIRMAN. Well, now, Mr. Mooney, that wasn't in your jurisdiction. Your jurisdiction is Nevada.

Mr. MOONEY (senior). Right.

The CHAIRMAN. And she was over here in California.

Mr. MOONEY (senior). We exchange courtesies, about one investigation to another.

The CHAIRMAN. You mean you just——

Mr. MOONEY (senior). One State to another.

The CHAIRMAN. You mean you try to help somebody over here because a friend of yours asks you to?

Mr. MOONEY (senior). He asked me to look into the status of the case.

The CHAIRMAN. Yes.

Mr. MOONEY (senior). Just the status.

The CHAIRMAN. Well, you said a minute ago that he asked you to see if you could do something about it, and you said you would talk with Mr. Schino about it and if there was anything you could do, you would do; didn't you?

Mr. MOONEY (senior). No, I didn't say I could do it or would do it.

The CHAIRMAN. Well, your purpose in seeing Mr. Schino was to try to help out Mrs. Jenkins if the facts justified it, shall we put it that way?

Mr. MOONEY (senior). If they justified it, yes.

The CHAIRMAN. If they justified it. And so he told you it was in the fraud division?

Mr. MOONEY (senior). In the hands of the fraud squad, they call it.

The CHAIRMAN. And then did he call in the fraud squad?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. Who was that?

Mr. MOONEY (senior). I have forgotten the gentleman's name. One was an elderly gentleman.

The CHAIRMAN. Was he Mr. Read?

Mr. MOONEY (senior). Oh, no, no. Mr. Read is head of the SI—Special Intelligence.

Mr. RICE. Washauer?

Mr. MOONEY (senior). That's one of the names, I believe.

Mr. RICE. Boland?

Mr. MOONEY (senior). What?

Mr. RICE. And Boland?

Mr. MOONEY (senior). Boris?

Mr. RICE. Boland.

Mr. MOONEY (junior). Boland.

Mr. MOONEY (senior). Oh, not Boland. No.

The CHAIRMAN. And then how long a discussion did you have with Mr. Washauer and the other members of the fraud squad who were called in?

Mr. MOONEY (senior). Not 2 minutes.

Mr. RICE. Was Schino there?

Mr. MOONEY (senior). No; he went over to his desk and sat down. Forty feet away.

The CHAIRMAN. He was still in the same room?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. But you say he did not participate in the conversation?

Mr. MOONEY (senior). Not a bit in the world. He seemed to shy away from the case entirely.

The CHAIRMAN. And what did you tell the fraud squad?

Mr. MOONEY (senior). I didn't tell them anything. I asked them, What was the status of the case? And they said they had a drug store and they had some other stuff they were trying to uncover.

The CHAIRMAN. And what else?

Mr. MOONEY (senior). That was all. "Good-by, gentlemen." And I left the office.



The CHAIRMAN. Well, what did you do then?

Mr. MOONEY (senior). I guess I went to the hotel. I don't know what I done. I went to the hotel and checked out probably. I just——

The CHAIRMAN. Then you saw Mr. Hartmann, did you?

Mr. MOONEY (senior). I may have seen Hartmann at that time and I may not.

The CHAIRMAN. Well, when did you tell Mr. Hartmann that apparently there was nothing you could do? Or did you tell him that?

Mr. MOONEY (senior). I don't believe I did.

The CHAIRMAN. Well, when was the next you heard about the matter?

Mr. MOONEY (senior). I think—I don't know when it was. I don't know when I—the dates of when Mrs. Jenkins came to Reno. Yes I do, now. I know by the bank deposit.

The CHAIRMAN. When was that that she came to Reno?

Mr. MOONEY (senior). She came on—she arrived on the night of the 14th of October.

The CHAIRMAN. What year?

Mr. MOONEY (senior). '47.

The CHAIRMAN. She arrived on that night. And did she call you up that night?

Mr. MOONEY (senior). No.

The CHAIRMAN. How do you know she arrived that night?

Mr. MOONEY (senior). The records of the hotel show it.

The CHAIRMAN. And then what happened next?

Mr. MOONEY (senior). She came in to my office about 10 o'clock next morning.

Mr. RICE. Was she by herself on that trip, Mr. Mooney?

(No response.)

Mr. MOONEY (junior). Was she by herself?

Mr. RICE. Was she alone?

Mr. MOONEY (senior). No.

Mr. RICE. Who came with her?

Mr. MOONEY (senior). Mr. Haley.

Mr. RICE. And who is Mr. Haley?

Mr. MOONEY (senior). Mrs. Jenkins' son-in-law.

Mr. RICE. Mrs. Jenkins' son-in-law came with her?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And what happened then?

Mr. MOONEY (senior). She was in the office. We discussed the case. And I said I didn't think I could do anything for her, or it was in—I hadn't seen. This was before I went to visit San Francisco.

The CHAIRMAN. This was before you came down here?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. Yes.

Mr. MOONEY (senior). She bought the stock.

The CHAIRMAN. This was before you came down and saw——

Mr. MOONEY (senior). I believe it was, yes, to the best of my memory.

The CHAIRMAN. You came down here after you had seen her over there? I mean, was this conference you had with the fraud squad after you had seen her in Reno?

Mr. MOONEY (senior). No, I believe it was before it.

The CHAIRMAN. All right. Anyway, she came in your office October 15, 1947.

Mr. MOONEY (senior). And she said she wanted 10,000 shares of Mountain City Consolidated stock at 50 cents a share. She named her own price.

The CHAIRMAN. I know. What was the conversation before she said she wanted the stock?

Mr. MOONEY (senior). Oh, I disremember the conversation. She wasn't in the office 10 minutes.

The CHAIRMAN. Well, did you talk about her income-tax case?

Mr. MOONEY (senior). We may have discussed it.

The CHAIRMAN. Did you say that you didn't think that you could do anything for her or that you were going to see what you could do?

Mr. MOONEY (senior). Well, I hadn't visited the fraud squad at that time, and I said I would look into the status of the case.

The CHAIRMAN. Yes. So it was after that time that you came down and visited the fraud squad?

Mr. MOONEY (senior). Yes, I believe it was.

The CHAIRMAN. All right. She said she wanted 10,000 shares at 50 cents a share; is that correct?

Mr. MOONEY (senior). Of Mountain City Consolidated stock at 50 cents a share.

The CHAIRMAN. Yes. And then what happened?

Mr. MOONEY (senior). Well, that closed the transaction. She stated she didn't want the stock now if I didn't want to issue it. And I says: "All right. It's available for you any time in Reno."

The CHAIRMAN. Yes. And so she put out \$5,000?

Mr. MOONEY (senior). In cash.

The CHAIRMAN. In cash?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And you said the stock would be available when she wanted it?

Mr. MOONEY (senior). Yes, whenever she wanted it.

The CHAIRMAN. You did issue her some stock later on, didn't you?

Mr. MOONEY (senior). No.

The CHAIRMAN. Don't the books show that you set up on the books \$1,000 for stock?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. That is at 10 cents a share, isn't it?

Mr. MOONEY (senior). Yes. I didn't set it up on the books. It is not set up at all on the books.

The CHAIRMAN. Well, there are some records you made that she was going to get 1,000 shares.

Mr. MOONEY (senior). No, no record. No such record.

The CHAIRMAN. I mean of \$1,000 worth of stock.

Mr. MOONEY (senior). No. No such record.

The CHAIRMAN. What did you do with the \$5,000, Mr. Mooney?

Mr. MOONEY (senior). Mr. Hartmann got 20 cents a share commission.

The CHAIRMAN. He got \$2,000?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And how about the rest?

Mr. MOONEY (senior). One thousand went in the bank to the credit of the copper company.

The CHAIRMAN. To the account of the Mountain City Consolidated Copper Co.?

Mr. MOONEY (senior). To the copper company, yes.

The CHAIRMAN. What happened to the other two thousand?

Mr. MOONEY (senior). Afterward, Mr. Hartman got about \$500 more.

The CHAIRMAN. Yes, sir. Then what else?

Mr. MOONEY (senior). I paid some borrowed money, the amount of \$600 that I owed.

The CHAIRMAN. Was that something that you owed, Mr. Mooney?

Mr. MOONEY (junior). That was something you had borrowed for the company, wasn't it?

Mr. MOONEY (senior). Borrowed for the company, yes.

Mr. MOONEY (junior). That wasn't a personal loan.

The CHAIRMAN. The company owed somebody \$600, is that correct, and you paid that off? Or was it \$500? I mean——

Mr. MOONEY (senior). I borrowed money for the company. I borrowed it personally, not for—the company had no credit. I borrowed it from some individuals.

Mr. MOONEY (junior). What he is trying to say, Senator: He borrowed the money from an individual in his own name and he put the money in the company account.

The CHAIRMAN. Oh, I see.

Mr. MOONEY (junior). And he was repaying that individual.

The CHAIRMAN. The company needed \$600 back at some time. Was it \$600 in that transaction?

Mr. MOONEY (senior). Oh, it was five or six hundred dollars.

The CHAIRMAN. The company needed five or six hundred dollars, so you borrowed it from somebody personally?

Mr. MOONEY (senior). Oh, I borrowed more than that.

The CHAIRMAN. Yes.

Mr. MOONEY (senior). I advanced \$5,000, \$6,000, of my own money to the company—which I haven't got yet, nor never will.

The CHAIRMAN. Anyway, you borrowed five or six hundred dollars from somebody?

Mr. MOONEY (senior). I borrowed a thousand dollars off of one party and three hundred off another.

The CHAIRMAN. Yes, sir. And you took, then, five or six hundred dollars of the Jenkins' money to pay back the man you borrowed from?

Mr. MOONEY (senior). I only partly paid it back.

The CHAIRMAN. You paid part of it back?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. There is \$600, \$1,500, and \$3,000. That is \$4,100.

Mr. MOONEY (senior). The balance, I reimbursed myself for money advanced. Partially reimbursement.

The CHAIRMAN. Yes, sir. You had advanced money from time to time for the company, so you used this to reimburse yourself?

Mr. MOONEY (senior). Yes. Five or six thousand dollars. I have forgotten what it is.

The CHAIRMAN. Yes. And then was the stock ever issued?

Mr. MOONEY (senior). To Mrs. Jenkins?

The CHAIRMAN. Yes.

Mr. MOONEY (senior). No. It is available any time she wants it. She would have to take delivery in Reno.

The CHAIRMAN. And then what further happened about her case after that? Then after that you came over here and saw Mr. Schino?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. But there wasn't anything you could do about her case?

Mr. MOONEY (senior). No.

The CHAIRMAN. Did you then tell her later on you couldn't do anything about her case?

Mr. MOONEY (senior). I never saw her.

The CHAIRMAN. You told Mr. Hartmann, though, I guess, didn't you?

Mr. MOONEY (senior). Yes. I may have told him. I don't remember.

The CHAIRMAN. Well, she would naturally have been interested to know what happened with the case after she had come over there and bought the stock, wouldn't she?

Mr. MOONEY (senior). Yes. I heard afterwards she went—I don't know whether she went to Tehachapi that October or not.

The CHAIRMAN. Yes. Now, Mr. Mooney—

Mr. RICE. Pardon me, Senator.

While we are on that trip over to see Schino. Can you fix the time, approximately, when you came to see Schino?

The CHAIRMAN. At the time you came over here and saw Mr. Schino and had a talk with the fraud squad, can you fix that time, Mr. Mooney?

Mr. MOONEY (senior). I cannot.

The CHAIRMAN. Sir?

Mr. MOONEY (senior). I don't remember.

The CHAIRMAN. It would have been sometime after October 15, 1947?

Mr. MOONEY (senior). It possibly would, or maybe it was even before it.

Is Senator Kefauver examining me?

Mr. MOONEY (junior). Yes.

The CHAIRMAN. But your best recollection, and I think it would be natural, is that after she had been over there in October you came over here?

Mr. MOONEY (senior). I believe it would.

The CHAIRMAN. At what hotel did you stay on that occasion, if you remember?

Mr. MOONEY (senior). The Fielding Hotel, as I remember.

The CHAIRMAN. The Fielding Hotel?

Mr. MOONEY (senior). Yes. I used to come down often to San Francisco on a week end, and so forth.

The CHAIRMAN. Yes, sir. Well, anyway, the registration at the hotel would show when you were here.

Mr. MOONEY (senior). It possibly would; yes.

The CHAIRMAN. If they kept the registration. Now, can you tell us, Mr. Mooney, about the transaction in connection with "Bones" Remmer, the stock that he bought?

Mr. MOONEY (senior). Yes.



The CHAIRMAN. Will you just tell us about it.

Mr. MOONEY (senior). I had been after "Bones" Remmer for about 2 years to buy some stock and——

The CHAIRMAN. Where did you get to know "Bones" Remmer?

Mr. MOONEY (senior). Oh, I knew him 20 years ago at Cal-Neva, the place he run at the lake.

The CHAIRMAN. Yes, sir. Just tell us about it now.

Mr. MOONEY (senior). He said he would buy some someday. And in 1946 I had an income-tax warrant or an income-tax return of Remmer's, and it called for the payment of seven or eight thousand dollars—seven thousand, I think it was—and we discussed the payment. And he says, "If you can stand me off," he says, "for a little while on my income tax, on part of it," he says, "I'll buy that stock today." He had a check made out for whatever the tax was, with the interest, and he says, "I'll deduct it off the payment." He says, "I'll pay you later, or I may have a credit coming from the Bureau." He gave me a check for \$2,400, all of which I deposited in the bank to the credit of the copper company.

The CHAIRMAN. Now, let's see if I get this straight. In 1946 you saw "Bones" Remmer?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And you had a warrant for——

Mr. MOONEY (senior). It may not have been a warrant, Senator. It may have been an income-tax return, on which he had an extension of 90 days twice.

The CHAIRMAN. Yes. Anyway, it was something that he owed about \$7,000 on?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. And he said that "if you can get me a little more extension on this, I'll buy that stock today." Is that the——

Mr. MOONEY (senior). There is no extension of 6 months, Senator.

The CHAIRMAN. What was it that you did for him? Did you get the payment put off?

Mr. MOONEY (senior). He says: "If you can defer part of the payment," he says, "I'll give you a check for \$2,400."

The CHAIRMAN. Yes. Now, he had the money there to pay all of the income tax?

Mr. MOONEY (senior). All of it, yes.

The CHAIRMAN. But then did he write another check for just part of it, and buy \$2,400 worth of stock with the rest?

Mr. MOONEY (senior). He deducted \$2,400 off the original check.

The CHAIRMAN. He wrote another check then?

Mr. MOONEY (senior). And wrote another check for the amount of the revenue he owed minus the \$2,400.

The CHAIRMAN. And then gave you the \$2,400 check, which you deposited in the Consolidated Copper Co., and then later on he paid you the balance of the tax matter?

Mr. MOONEY (senior). It was paid, or he had a credit coming from the Bureau. It was all adjusted anyhow. Otherwise there would have been a warrant of restraint issued against him—what they call a "69."

The CHAIRMAN. Where was his home at that time, Mr. Mooney?

Mr. MOONEY (senior). Well, he always claimed his home was Cal-Neva.

The CHAIRMAN. "Cal"—I can't understand that.

Mr. MOONEY (senior). C-a-l——

Mr. MOONEY (junior). C-a-l-N-e-v-a.

The CHAIRMAN. That is Nevada, isn't it?

Mr. MOONEY (junior). It is a lodge right on the border line of Nevada and California.

The CHAIRMAN. Anyway, he paid his income tax in Nevada?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. Of course, all during this time, for the past 10 years, beginning back in 1940, "Bones" Remmer has been in income-tax trouble, hasn't he? They have been trying to build up what they call a net-worth-increase case on him, haven't they?

Mr. MOONEY (senior). I don't know when they took it up. The special agents had it in 1947—I think it was the first time.

The CHAIRMAN. Yes. But it is away up in the hundreds of thousands of dollars, isn't it?

Mr. MOONEY (senior). Well, there is a jeopardy assessment against him.

The CHAIRMAN. Up near a million dollars, I believe, maybe?

Mr. MOONEY (senior). Well, possibly six or seven hundred thousand dollars.

The CHAIRMAN. Yes.

Mr. MOONEY (senior). It's a jeopardy assessment. It is not a definite assessment.

The CHAIRMAN. But when was this jeopardy assessment made, do you remember?

Mr. MOONEY (senior). About 1947, I think. The special agents had it at that time.

The CHAIRMAN. You prepared his income-tax returns for him in 1944 and 1945, didn't you? I mean, you made it out?

Mr. MOONEY (senior). I think I made his return—the first return I made for him was in either 1941 or 1942.

The CHAIRMAN. Yes, sir.

Mr. MOONEY (senior). I met him in front of the Golden Hotel, and he stated to me—he says: "I want to file an income-tax return, a voluntary statement." And I says: "How much do you want to file it for?" or "Where did you get it?" He said: "I won it on the Kentucky Derby. I want to file for \$10,000 a separate return for my wife and myself for \$5,000 each, with no deductions." That was the first tax return I filed for him. I think it was in 1942.

The CHAIRMAN. Yes, sir. And then when did you file another one?

Mr. MOONEY (senior). Every year thereafter, up to 1947.

The CHAIRMAN. Did he pay you anything for getting up his return?

Mr. MOONEY (senior). No.

The CHAIRMAN. You just did it as——

Mr. MOONEY (senior). He called me to San Francisco a few times. I took leave of absence to get the figures from his bookkeeper.

The CHAIRMAN. And then he would pay you on those times?

Mr. MOONEY (senior). He would pay me just for the trip.

The CHAIRMAN. What do you mean "for the trip"? Would he give you just your expenses?

Mr. MOONEY (senior). Just my expenses.

The CHAIRMAN. He wouldn't give you anything but your expenses?

Mr. MOONEY (senior). No. He is stingy that way.

The CHAIRMAN. I see. So during these times from 1940 on until what year did you stop filing his income-tax return?

Mr. MOONEY (senior). He filed—he sent me his slip, or one of his men sent me his slip, in 1948—

The CHAIRMAN. Yes, sir.

Mr. MOONEY (senior). Showing the losses from the various enterprises he had. It amounted to \$86,000—his losses.

The CHAIRMAN. Yes, sir. What was the last one you filed for him or you got up for him? What was the last year?

Mr. MOONEY (senior). 1947, as I remember.

The CHAIRMAN. Now, when you made up these tax returns for "Bones" Remmer, did you have a lot of his books and records and things that he would give you about what he made and what he spent and his business?

Mr. MOONEY (senior). I just had the partnership return—what they call a "1065." It showed the distribution from each one of the joint ventures.

The CHAIRMAN. He had some gambling venture out there, didn't he?

Mr. MOONEY (senior). What they call the Menlo Club.

The CHAIRMAN. That was a—

Mr. MOONEY (senior). He acquired that in '95—'45.

The CHAIRMAN. Yes, sir. And you just had the partnership return showing what his part was?

Mr. MOONEY (senior). That was all. It's what we call the taxpayer's figures on the return.

The CHAIRMAN. How do you suppose this great, big net-increase-worth case grew up which you heard about in 1947? Did he not show you any books or records that would indicate that?

Mr. MOONEY (senior). No, no. No, sir. I never examined his books at all.

The CHAIRMAN. Who was his auditor during that time?

Mr. MOONEY (senior). His name was Maundrell. Harold Maundrell.

The CHAIRMAN. Did you go over matters with him?

Mr. MOONEY (senior). What say?

The CHAIRMAN. Did you go over the books with him?

Mr. MOONEY (senior). No.

The CHAIRMAN. Do you know whether as of 1947 "Bones" Remmer was supposed to have a tax deficiency of \$910,440? Did you know that?

Mr. MOONEY (senior). I didn't know until after the revenue agents made their findings.

The CHAIRMAN. But you heard about it later?

Mr. MOONEY (senior). Oh, yes.

The CHAIRMAN. And that tax deficiency arose during the years 1941, '2, '3, '4, '5, and '6, didn't it, Mr. Mooney?

Mr. MOONEY (senior). I presume so, if they made their findings in 1947.

The CHAIRMAN. The biggest year being in 1945, with a deficiency of over \$323,000. But you didn't have any books that showed anything like that?

Mr. MOONEY (senior). Oh no, no.



The CHAIRMAN. Now, Mr. Mooney, of course there are a lot of stockholders in this company. But who else who had income tax difficulty was sold any stock, do you know?

Mr. MOONEY (senior). Nobody.

The CHAIRMAN. Well now, there was an effort to sell a Mr. Kaltenborn over at Las Vegas some stock. Did you know about that?

Mr. MOONEY (senior). He had stock difficulties?

The CHAIRMAN. Yes, sir. He got convicted.

Mr. RICE. "Tax."

The CHAIRMAN. He was in tax difficulty, and he testified before the committee over at Las Vegas that he was in tax difficulty, and I believe it was Mr. Hartmann—

Mr. ROBINSON. Correct, sir.

The CHAIRMAN. Mr. Hartmann came over to see him and told him that he just didn't know "the right people," that if he would buy some stock he would get out of his tax difficulty. He didn't buy any stock, and he got sentenced to 6 months.

Mr. MOONEY (senior). I wouldn't know Mr. Kaltenborn if I saw him on the street.

The CHAIRMAN. Now, this "Toots" Scherer bought a lot of stock, didn't he?

Mr. MOONEY (senior). 3,750 shares.

The CHAIRMAN. He is quite a racketeer down from Los Angeles way and came over to Nevada?

Mr. MOONEY (senior). I don't know what his business was in Los Angeles—whether he was a racketeer or not.

The CHAIRMAN. Anyway, he has the Pioneer Club at Las Vegas?

Mr. MOONEY (senior). Yes. Right.

The CHAIRMAN. And then there is a Milton P. Page. He bought—

Mr. MOONEY (senior). 3,750 shares.

The CHAIRMAN. He is called Farmer Page.

Mr. MOONEY (senior). Farmer Page, right. M. P. Page.

The CHAIRMAN. He is with the Pioneer Club, too?

Mr. MOONEY (senior). Yes.

The CHAIRMAN. Those sales were for 40 cents a share. Here is Guy McAfee, at the Frontier Club. You know him, don't you?

Mr. MOONEY (senior). I know him; yes.

The CHAIRMAN. And he bought 6,250 shares at 40 cents a share?

Mr. MOONEY (senior). Right.

The CHAIRMAN. Is that right? We have a list here. Without going over it, Mr. Mooney, there are a good many gamblers and people who came from other places who had gambling records—of course gambling is entirely legal in Nevada—who seem to have bought stock in this company. I think that's a partial list that has been taken—a partial list. It may not be a full list.

Mr. MOONEY (senior). Who else is there?

Mr. MOONEY (junior). Kenneth Johnson. He is a State senator from Carson City.

Mr. MOONEY (senior). He is a State senator from Carson City.

Mr. MOONEY (junior). He runs the Senator coffee shop in Carson City. He also has some gambling enterprises of his own.

The CHAIRMAN. Johnson does?



Mr. MOONEY (junior). That's right.

The CHAIRMAN. Of course gambling is legal in Nevada. There can't be any legal objection to anybody in the gambling business so far as the State laws of Nevada are concerned.

Mr. MOONEY (senior). Oh no.

The CHAIRMAN. And I think the testimony shows that the Lieutenant Governor had 1 percent of the Golden Nugget, or something.

Mr. MOONEY (senior). No. He has only got 1 percent, I think.

The CHAIRMAN. I think so.

Mr. MOONEY (senior). The Lieutenant Governor.

The CHAIRMAN. Look over that list. I would like to file that list as an exhibit of the stockholders, because it speaks for itself. Suppose I furnish you with a copy of it, and if you find anybody who is not correctly reported there will you let me know, Mr. Mooney or Mr. Mooney, Jr.?

Mr. MOONEY (senior). Yes.

(Mr. MOONEY (junior). Nodding affirmatively.)

The CHAIRMAN. Here is an extra copy. You keep that copy.

Mr. MOONEY (junior). You have notes on this copy. Would you rather have this one?

The CHAIRMAN. Suppose you have this one, then.

(Copy of list of Mountain City Consolidated Copper Co. purchasers of stock from the company, July 9, 1943, to May 1946, was received in evidence, marked "Exhibit No. 49," and is on file with the committee.)

Mr. MOONEY (senior). Read the names off and I will tell you who they are, whether they are gamblers right away.

The CHAIRMAN. Here is a fellow named George Perry. He has got 8,000 shares.

Mr. MOONEY (senior). He belongs to Reno.

The CHAIRMAN. He is a gambler, isn't he?

Mr. MOONEY (senior). He used to be. He is running a bowling alley now.

The CHAIRMAN. Phil Curti?

Mr. MOONEY (senior). Phil Curti.

The CHAIRMAN. Of the Tropics. He has 10,000 shares.

Mr. MOONEY (senior). Right.

The CHAIRMAN. Is he a gambler?

Mr. MOONEY (senior). No. He did run—he was interested in a gambling casino at that time, but he is running—he is a big property holder in Reno.

The CHAIRMAN. Here is William Curland.

Mr. MOONEY (senior). He belongs to the Pioneer Club in Las Vegas, 3,750 shares.

The CHAIRMAN. Well, you came down here and tried to sell Mr. Smythe and some of these people here on the office here some stock, didn't you, Mr. Mooney?

Mr. MOONEY (senior). Sell who?

The CHAIRMAN. The collector of internal revenue.

Mr. MOONEY (senior). No, no.

Mr. MOONEY (junior). I think he is referring to Smythe.

The CHAIRMAN. Did you try to sell Schino any?

(Mr. MOONEY (senior.) No response.)

Mr. MOONEY (junior). Did you try to sell Schino any?

Mr. MOONEY (senior). Never asked him to buy a share.

The CHAIRMAN. One or the other of them said you tried to sell them some.

Mr. MOONEY (senior). No, I never tried to sell any of—I never tried to sell any stock down here.

The CHAIRMAN. You didn't. All this stock that you have sold has been sold in Nevada; is that correct?

Mr. MOONEY (senior). Except a few hundred shares—5,000 shares.

The CHAIRMAN. Where is that?

Mr. MOONEY (senior). That's in Los Angeles.

The CHAIRMAN. Now, do you know Julia Bareilleo of Merced? Do you remember you sold Julia Bareilleo some stock?

Mr. MOONEY (senior). I never sold her some stock.

The CHAIRMAN. She is not on this list.

Mr. ROBINSON. She is on this list [indicating].

Let me clear the record, Mr. Chairman. The list, it might be stated, was up to the time the SEC made an investigation of the sales of stock.

Mr. MOONEY (senior). What is it he says?

Mr. MOONEY (junior). He says the list is complete up to the time the SEC made an investigation up there.

Mr. MOONEY (senior). No.

Mr. MOONEY (junior). No. This list that they are referring to here.

Mr. MOONEY (senior). Oh.

Mr. ROBINSON. Weren't there some sales subsequent to the SEC investigation?

Mr. MOONEY (senior). No, I guess not. No sales. There was some transfers.

Mr. ROBINSON. Do you recognize this photostat as part of your records? I direct your attention to an entry of "Julia Bareilleo" for 5,000 shares in 1948.

Mr. MOONEY (senior). In 1948?

Mr. ROBINSON. That's right.

The CHAIRMAN. Mr. Mooney, Jr., can you see it on there?

Mr. MOONEY (junior). Yes. But I don't recognize the printing.

Mr. MOONEY (senior). That stock was—it was suggested that I give 5,000 shares—Mr. Hartmann suggested that I give 5,000 shares to Mike Schino, and I says "It wouldn't be right to put it in Mike's name." And he put it in his sister's name. That was a gift from my personal stock. No money changed hands.

The CHAIRMAN. That is the record there, then, in 1948: that Mr. Hartmann suggested you ought to give 5,000 shares?

Mr. MOONEY (senior). Yes. It is usual to dish out some of our personal stock, you know, to different people.

The CHAIRMAN. Yes. And so, then, you said it wouldn't be right to put it in Mike's name?

Mr. MOONEY (senior). I though it wouldn't be right, yes.

The CHAIRMAN. So you put it in the name of his sister, Julia Bareilleo (B-a-r-e-i-l-l-e-o) of Merced; is that correct?

Mr. MOONEY (senior). Of Merced, yes.

The CHAIRMAN. Merced. That photostat shows it, I think, sir.

Mr. MOONEY (senior). Yes.

Mr. MOONEY (junior). I don't believe this is a photostat of the actual books of the company, though, is it? I don't recognize the printing there on the entries.

The CHAIRMAN. What is this, Mr. Robinson? It is on there.

This appears to be the photostat of the agent's worksheet, having the person issued here, the date—no, you are right. Julia Bareilleo is a transfer. The type of issue is a transfer.

But, here, under this is "John or Cora Di Grazia, 1,250 shares, Original." Do you remember that?

Mr. MOONEY (senior). Five hundred dollars.

The CHAIRMAN. That was apparently sold on June 15, 1948.

Mr. MOONEY (senior). That's the time of the issue. He paid for it before that time.

The CHAIRMAN. Yes, sir.

Mr. MOONEY (senior). He is in Wells, Nev.

The CHAIRMAN. And then down below, in 1949, there are six issues, most of which are to Ed Grossman, which have "Transfer" after them.

Mr. MOONEY (senior). He's one of the original owners.

The CHAIRMAN. What does he do?

Mr. MOONEY (senior). He's a prospector.

The CHAIRMAN. Yes.

Mr. MOONEY (senior). And that's his personal stock.

The CHAIRMAN. Why didn't you want it in Mike Schino's name, Mr. Mooney?

Mr. MOONEY (senior). Well, in the Revenue Department a man is not to receive gifts—although it was no gift at that time, but apparently they call it a worthless mine. It had no value.

The CHAIRMAN. Well, you were still selling stock in it at that time?

Mr. MOONEY (senior). No.

The CHAIRMAN. Well, you sold some to this John or Cora Di Grazia.

Mr. MOONEY (senior). That was in 1947.

The CHAIRMAN. It is listed here "June 15, 1948."

Mr. MOONEY (senior). He paid for it a year or a year and a half before that.

The CHAIRMAN. Oh, I see.

Mr. RICE. Where did you get the name of Julia Bareilleo to take the stock? Who furnished you the name?

Mr. MOONEY (senior). I don't know who furnished me the name. Whether it was Mr. Hartmann or it had come through Mike; I don't know.

The CHAIRMAN. Well, did you talk with Mike about it and was he very grateful to you for—

Mr. MOONEY (senior). He never acknowledged it.

The CHAIRMAN. Never?

Mr. MOONEY (senior). Or she never acknowledged it. I understand she is blind.

The CHAIRMAN. But you talked with Mike about it; didn't you?

Mr. MOONEY (senior). I wanted—I think I asked Mike if it would be all right.

The CHAIRMAN. And he said it would be all right?

Mr. MOONEY (senior). Well, he says: "You can issue it probably in my sister's name. That might be all right."



The CHAIRMAN. So the suggestion came from him about issuing it in his sister's name?

Mr. MOONEY (senior). It might have, or it might have come from Mr. Hartmann.

The CHAIRMAN. Now, Mr. Mooney, when did you leave Government service?

Mr. MOONEY (senior). On the 1st of September 1948.

The CHAIRMAN. What are you doing now, sir?

Mr. MOONEY (senior). Nothing. I am living on the charity of my sons.

The CHAIRMAN. Well, you have a Government pension; haven't you?

Mr. MOONEY (senior). Very little.

The CHAIRMAN. That's all, Mr. Mooney. Thank you. Mr. Robinson has one question.

Mr. Mooney, do you have any statement that you want to make on your own?

Mr. MOONEY (senior). I would like to state regarding the Mountain City Consolidated Copper Co., that the statements made by the California Crime Commission and the statements attributed to the Senate Crime Commission regarding the Mountain City as being a "shadow" mine, a "paper" mine, and a "dummy" mine—I think the distinguished Senator from New Hampshire made that statement: That it was a "dummy" mine. It is attributed to him in the papers. I would like to state for the record that the statements made by both the commissions, if properly quoted in the papers, is false, malicious, and without any foundation of fact.

That is all, Senator.

The CHAIRMAN. Well, Mr. Mooney, actually, as of 2 or 3 years ago, it became quite apparent that there wasn't anything worth while about the mine, didn't it? I mean, it is not a workable claim?

Mr. MOONEY (junior). Let me say something, Senator.

The CHAIRMAN. As I get this picture, maybe when it started off it looked like you were really trying to do something with it, and then after that you kind of gave up and there didn't anything very much happen except selling some stock, and now the thing has been sort of abandoned.

Mr. MOONEY (junior). If my father had \$10,000 today, I believe that he would put it in there tomorrow. He believes that that mine is going to pay off. And I believe if he could get a loan from the Government on this "New Deal" or if he could promote some money to dig that hole in the ground, he would go out there and get it going again. He has implicit faith in that mine. And I know that it has been a bone of contention in our family for years.

The CHAIRMAN. But he is about the only one that has a lot of faith in it as of now.

Mr. MOONEY (junior). Well, I have a lot of faith in him, and I will back him up as far as I can go.

The CHAIRMAN. I just want to say that I certainly admire your position and you look like a very fine young man to me. You are coming up here with your father. What do you do, sir?

Mr. MOONEY (junior). I am an accountant.

The CHAIRMAN. You practice in Reno?



Mr. MOONEY (junior). Yes. I know he has been chasing these "glory holes" for 50 years. He still has faith that he is going to pull one of them through yet.

Mr. ROBINSON. I have a couple of little points, Mr. Chairman, that I think should be in the record.

Do you recall being interviewed by the Securities Exchange Commission representatives at the time they investigated the——

Mr. MOONEY (senior). Several times.

Mr. ROBINSON. Do you recall making a statement to them that you had held a seat on the San Francisco Stock Exchange about 35 years ago?

Mr. MOONEY (senior). Yes.

Mr. ROBINSON. And at that time you had a transaction with Hartmann in which he had lost about \$500?

Mr. MOONEY (senior). He had lost about \$500?

Mr. ROBINSON. That's right. Or at least you owed him about \$500 as a result of the transaction.

Mr. MOONEY (senior). Yes. I might have owed him; yes.

Mr. ROBINSON. And then in 1925 you went to Reno?

Mr. MOONEY (senior). 1925?

(Mr. Robinson nodding affirmatively.)

Mr. MOONEY (senior). Yes; 1925. Right. Along about there.

Mr. ROBINSON. And then you didn't see Hartmann again until some time around 1942?

Mr. MOONEY (senior). 1942 or 1943.

Mr. ROBINSON. And in 1943 you came to San Francisco and you met Hartmann?

Mr. MOONEY (senior). Yes.

Mr. ROBINSON. And you gave him at that time 20,000 shares of Mountain City mine——

Mr. MOONEY (senior). Right.

Mr. ROBINSON. To repay him the \$500 you had owed him for quite some period of time?

Mr. MOONEY (senior). Yes. Or to make a sale of it.

Mr. ROBINSON. Which was it?

Mr. MOONEY (senior). What did he say?

Mr. ROBINSON. Which was it?

Mr. MOONEY (junior). Ask him the question again, will you, please?

Mr. ROBINSON. You gave him 20,000 shares of stock to repay him the \$500 you owed him, and you said, "or to resell it." I said, "Well, which was it?"

Mr. MOONEY (junior). Did you give him 20,000 shares to repay \$500 that you owed him?

Mr. MOONEY (senior). I might have. He got the 20,000 shares anyhow.

Mr. ROBINSON. Did you have any connection with the Rip Van Winkle Extension Mining Co.?

Mr. MOONEY (senior). I was secretary-treasurer; yes.

Mr. ROBINSON. Who were the other officers of that company?

Mr. MOONEY (senior). I think Mr. Woodburn was president and——

Mr. ROBINSON. That is Mr. William Woodburn?

Mr. MOONEY (senior). Mr. William Woodburn, yes.

Mr. ROBINSON. Senior or junior?

Mr. MOONEY (senior). Senior.

Mr. ROBINSON. Senior?

Mr. MOONEY (senior). Yes.

Mr. ROBINSON. Were there any other officers of the company?

Mr. MOONEY (senior). I have forgotten who the other officers were except myself. I was secretary-treasurer.

Mr. ROBINSON. Did Mr. Douglas have any connection with the Rip Van Winkle mine?

Mr. MOONEY (senior). No.

Mr. ROBINSON. Did Mr. Douglas have any connection——

Mr. MOONEY (senior). He was partially interested with some of the claims we took in, I believe.

Mr. ROBINSON. Some of the claims that became——

Mr. MOONEY (senior). That we took into the company.

Mr. ROBINSON. Who is Mr. Douglas?

Mr. MOONEY (senior). What?

Mr. ROBINSON. Who was Mr. Douglas?

Mr. MOONEY (senior). Who is Mr. Douglas?

Mr. MOONEY (junior). Yes. Who was Mr. Douglas?

Mr. MOONEY (senior). He was collector of internal revenue.

Mr. ROBINSON. Collector of internal revenue at Reno?

Mr. MOONEY (senior). For Nevada.

The CHAIRMAN. The list we have will be made exhibit 1 and the photostat exhibit 2. And if you find any incorrections on that list, will you let us know?

Mr. MOONEY (junior). Yes, sir.

(Photostatic copy of agent's working papers of schedule of stock certificates issued by Mountain City Consolidated Copper Co. for period September 1947 to March 31, 1949, was received in evidence, marked "Exhibit No. 50," and is on file with the committee.)

The CHAIRMAN. Thank you, Mr. Mooney. And you can go home. You can go back to Reno, if you want to.

Well, what is the usual meeting time? How do you people feel about meeting at 9:30 in the morning instead of 10?

Mr. ROBINSON. Gentlemen, if you want to make it a part of the record, here is the telegram that you sent to Washington.

The CHAIRMAN. Yes. Here is the telegram that was sent to Washington, which I shall read:

Senate committee holding open hearing March 2 in San Francisco at 10 o'clock.

Had lengthy conference with Mr. Ralph Davies, Agent in Charge, Intelligence Section. In order to present essential picture including Bureau's position and action in matters feel that absolutely necessary that Davies be allowed to testify and that certain of his reports be used for questioning others. Strongly urge that full clearance be given to Davies and other agents in this area for testimony. Newspapers seem already to be fully aware of pertinent facts.

ESTES KEFAUVER.

Mr. RICE. And their reply.

The CHAIRMAN. And their reply.

The committee will stand in recess until 9:30 in the morning.

(Whereupon, at 6 p. m., the committee adjourned until 9:30 a. m., Saturday, March 3, 1951.)

# INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

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SATURDAY, MARCH 3, 1951

UNITED STATES SENATE,  
SPECIAL COMMITTEE TO INVESTIGATE  
ORGANIZED CRIME IN INTERSTATE COMMERCE,  
*San Francisco, Calif.*

The committee met at 9:35 a. m., in room 338 of the Post Office Building, San Francisco, Calif., pursuant to adjournment, Senator Estes Kefauver (chairman) presiding.

The CHAIRMAN. The committee will come to order.

Before we start, may I say that the committee is delighted to have Mr. Thomas C. Lynch, the district attorney of the city and county of San Francisco, with us this morning, and also Mr. McMillan.

I do wish to comment on two matters before we begin. First, we want to express our very deep appreciation to Gov. Earl Warren for the confidence he expressed in the work of this committee on yesterday. We appreciate this very, very much. Also we appreciate the commendation of the District Attorneys Association of California and the Peace Officers Association, which said that they thought that we were doing some things worth while.

Another matter, so that there will be no thought that the committee gave somebody an exclusive story. I notice in the San Francisco Chronicle—I think Mr. Hyer probably wrote the story—some details set forth about a coin machine that will be here today. The committee said nothing to Mr. Hyer or anyone else about the information. Of course, the machine was out there yesterday. But the facts are that Mr. Hyer gave the staff of the committee some information about this operation in the beginning and assisted the staff of the committee in working up the facts about it. So he had independent knowledge and it was not a scoop that was given anybody.

The suggestions and help of the gentlemen of the press all over the Nation have been very substantial in our work. Some of these men of the press who have made a specialty in reporting and studying organized crime know a great deal more about it than many of us of the committee and a great deal more about it than many law-enforcement officers. Some of them have been all over the United States looking into conditions for many years, and also they have been with our committee on its various trips.

One of the first inspirations we had for the work of this committee was the fact that about 20 newspapers combined together for an exchange of information, so that if some criminal activity took place at Hartford, Conn., where the person had a St. Louis background or



some connection in St. Louis or Chicago or Washington or some other city, the newspapers would exchange information so that the whole story could be given. And the coordinated work of these 19 or 20 newspapers has been most helpful, and they have given us suggestions from time to time.

Is anyone here whose name was brought out in the hearings on yesterday who would like to be heard or make any explanation? [No response.]

We want to give everyone a fair chance to present their side. We do not want to leave San Francisco with anyone feeling that they did not have a chance to answer anything that might have been said about them. If there is anyone here, I hope they will speak up or get in touch with some member of the staff or with me. [No response.]

And during the day, if anyone's name is used and they feel that they want to be heard, let them be sure to make that fact known so that we can give them a chance to tell their side of the story.

We hope to get through by about 2 o'clock this afternoon. After we get away, I dislike very much to hear someone say that the committee left town without giving them a chance to make some explanation about testimony that is brought out here.

Are Mr. Hoertkorn and Miss Ready and Miss Martinell here? [No response.]

I think I told them to be back at 10 o'clock. But will someone check to see if they will be here at 10 o'clock?

Is Mr. Sanford here? [No response.]

I have been advised by Mr. Campbell that the Secretary of the Treasury reversed his judgment or the Commissioner of Internal Revenue has reversed his position about Mr. Sanford and others testifying. So when Mr. Sanford comes we will give him an opportunity to be heard. I am glad that they took that decision. It had to be that way.

Is Mr. Hartmann here?

Come around, Mr. Hartmann.

Do you swear the statement you will give in this hearing will be the truth, and nothing but the truth, so help you God?

Mr. HARTMANN. I do.

#### TESTIMONY OF MARTIN HARTMANN, SAN FRANCISCO, CALIF.

The CHAIRMAN. You are Mr. Martin Hartmann; is that correct?

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. What is your address?

Mr. HARTMANN. 342 Twelfth Avenue.

The CHAIRMAN. Sir?

Mr. HARTMANN. 342 Twelfth Avenue, San Francisco.

The CHAIRMAN. 342 what?

Mr. HARTMANN. Twelfth Avenue, San Francisco.

The CHAIRMAN. How old are you, Mr. Hartmann?

Mr. HARTMANN. Sixty-three.

The CHAIRMAN. Now, Mr. Hartmann, do you want to make a general statement about this entire matter before we ask you specific questions?

Mr. HARTMANN. Yes; I do, Senator.

The CHAIRMAN. Were you here yesterday during the testimony?



Mr. HARTMANN. Yes, Senator.

The CHAIRMAN. We will be glad to give you an opportunity right now.

Mr. HARTMANN. It seems that I have been made the goat in this entire proposition and apparently——

The CHAIRMAN. Let us have it as quiet in the hearing room as possible, please.

Mr. HARTMANN. Apparently there was some influence brought to bear by Senator McCarran. It appeared to me that you sort of white-washed Mr. Pat Mooney without giving me a chance to contradict some of his statements.

The CHAIRMAN. Well, Mr. Hartmann, the chairman of the committee does not appreciate that statement—that we have “white-washed” anything.

Mr. HARTMANN. I do that in a most humble manner, Senator.

The CHAIRMAN. You have an opportunity right now to contradict anybody's statement. Mr. Mooney is a very old man——

Mr. HARTMANN. I appreciate that.

The CHAIRMAN. And we felt that we should put him on yesterday.

Mr. HARTMANN. I felt that he should be here when I had the opportunity to contradict him.

The CHAIRMAN. All right, sir. Suppose you——

Mr. HARTMANN. I appreciate that he is a very old man and——

The CHAIRMAN. Suppose you tell anything about it you want to tell.

Mr. HARTMANN. Yes.

The CHAIRMAN. And if necessary, we shall get Mr. Mooney back.

Mr. HARTMANN. I was one of six salesmen that Mr. Mooney employed. My commission was 10 and 20 percent and not 10 cents and 20 cents per share. I did not receive one penny of any commission or any remuneration of the Jenkins' matter, although he made a statement yesterday that he gave me approximately \$2,000.

The CHAIRMAN. That is correct.

Mr. HARTMANN. And that was one of the opportunities while he was here—I did run after him in the hallway after you dismissed him. And he says, “Well, my memory is bad. You may contradict anything that I said.

Now, with reference to some stock that was supposed to be given to Mrs. Bareilleo, or something—some name along that line—I know nothing about her; never received or never advised to give her any stock; never advised to give any stock to a Mr. Schino, and don't know where that emanates from.

I do want to make a statement, if I may, Senator, in reference to the Kaltenborn matter in Las Vegas.

The CHAIRMAN. Yes, sir. Proceed.

Mr. HARTMANN. It is true that I dropped in to Mr. Kaltenborn's store to buy some automobile parts and attempted to sell him some stock. He invited me to lunch the following day at the El Rancho, which is a night club and a restaurant in Las Vegas, and told me that he was indicted on income tax. I immediately dropped the matter—selling him the stock. He did phone—the records will show that he phoned—to Mr. George Thatcher's office in Reno, and Mr. Thatcher informed Mr. Mooney that under the conditions, whereby he

is already indicted in income tax, not to sell him any stock, although Mr. Kaltenborn did want to buy some stock.

The matter of the \$5,000 that Mrs. Jenkins bought from Mr. Mooney, I knew nothing about it until 3 months afterward when I was so informed by her son-in-law. On checking the files of Senator Pat McCarran you will find a letter addressed by McCarran to Mr. Haley, who is the son-in-law of Mrs. Jenkins, that he will do everything he can in helping expedite the matter of her——

The CHAIRMAN. Now, Mr. Hartmann, I want you to be very sure——  
Mr. HARTMANN. Yes, sir.

The CHAIRMAN. That you testify only about things about which you know.

Mr. HARTMANN. I saw the letter.

The CHAIRMAN. All right. Go ahead.

Mr. HARTMANN. Wrote a letter that he will expedite the matter of getting her son released from a reform school in Denver. The files will also show that there was a telegram sent from Washington to that Denver reformatory to turn over Mr. Haley's son to Mr. and Mrs. Burt Haley.

The CHAIRMAN. To whom?

Mr. HARTMANN. Mr. and Mrs. Burt Haley, who is the son-in-law of Mrs. Jenkins.

The CHAIRMAN. What does that have to do with Mrs. Jenkins?

Mr. HARTMANN. I believe that that is one of the reasons that Mrs. Jenkins in appreciation went up to buy the stock in Reno. I was the one that informed Mr. Burkett and Mrs. Jenkins' attorney to that effect.

The CHAIRMAN. Go ahead, sir.

Mr. HARTMANN. When I found out that she bought the stock, I informed both Mrs. Jenkins' attorney and Mr. Burkett.

The CHAIRMAN. Anything else, Mr. Hartmann?

Mr. HARTMANN. That's all.

The CHAIRMAN. Well, Mr. Hartmann, we have here in the record the transcript of two recordings that were made——

Mr. HARTMANN. That's true.

The CHAIRMAN. In the office of Mr. ——

Mr. HARTMANN. Mr. Bucher's office.

The CHAIRMAN. They are in our record here, and of course they involve you in connection with the Jenkins matter——

Mr. HARTMANN. That's right.

The CHAIRMAN. Stating about what you were going to do and what you could do——

Mr. HARTMANN. Uh-huh (affirmative).

The CHAIRMAN. And about the sale of the stock.

Mr. HARTMANN. Yes.

The CHAIRMAN. Do you say that there is nothing to that?

Mr. HARTMANN. Nothing to that whatsoever.

The CHAIRMAN. Why would you be making statements of that sort?

Mr. HARTMANN. It was nothing but a frame-up. I was supposed to call at Mr. Bucher's office at 12 o'clock. He told me to come back at a quarter to 1. I went across the street to a cafe and I had a lot of drinks, and he led me along in a conversation.

The CHAIRMAN. Who was that who led you along in a conversation?

Mr. HARTMANN. Mr. Bucher. And in the spirit of braggadocio I said I could accomplish so-and-so. It didn't mean a thing.

The CHAIRMAN. Well, you were there on two occasions.

Mr. HARTMANN. Yes. When he couldn't get the information he wanted, he phoned me again. He said he wanted to talk to me with reference to recommending a tax attorney. And when he got me in the office he started on the same manner.

The CHAIRMAN. Did you recommend a tax attorney?

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. Whom did you recommend?

Mr. HARTMANN. I recommended a Hartley Russell and Mr. Rior-dan and Mr. Tramutolo and Mr. Cliff Anglin.

The CHAIRMAN. Did you call some attorney or know about calling some attorney in New York?

Mr. HARTMANN. No. That was an idle statement, Senator. I don't know any in New York.

The CHAIRMAN. What was the point of your making any statement about Mrs. Jenkins to Mr. Bucher if you had nothing to do with it?

Mr. HARTMANN. Mr. Bucher phoned me and told me, could I get him a good tax attorney—that he didn't practice tax law. I took Mrs. Jenkins up to Mr. Salinger in the Grant Building on Seventh and Market Street on the recommendation of Mr. Mooney, and he took her case; charged her \$500 for retaining fee and took the case over.

The CHAIRMAN. Well, according to the transcription—and it is in your voice——

Mr. HARTMANN. Yes.

The CHAIRMAN. You said, "Well, for a \$2,500 touch——"

Mr. HARTMANN. That isn't true.

The CHAIRMAN. He says, "I'd have settled it for maybe seven or eight thousand dollars."

Did you say that?

Mr. HARTMANN. No, no. That isn't true. That's an idle statement, Senator.

The CHAIRMAN. What do you mean "an idle statement"?

Mr. HARTMANN. Well, I was under the influence of liquor and I did brag a little. And it is an untrue statement.

The CHAIRMAN. Why would you be bragging about what Mr. Schino could do and what you could do?

Mr. HARTMANN. I didn't say that Mr. Schino could do it. I said that the case could have been settled originally before it got so deeply involved if she had gone to a tax attorney or a tax consultant. As it is, it was just an arbitrary—in my opinion only—an arbitrary assessment. Mrs. Jenkins told me that she only owed about seven or eight thousand dollars. But by the time they got through with her figures they assessed her \$21,000 and a penalty totaling \$57,000. It was only a matter of friendship for Mrs. Jenkins that I tried to be of help to her. There was no monetary gain for me.

The CHAIRMAN. Of course the thing about it is that Mr. Mooney says he didn't know Mrs. Jenkins.

Mr. HARTMANN. That's true.



The CHAIRMAN. And apparently he didn't know Mrs. Jenkins until she came in the office——

Mr. HARTMANN. Oh, no.

The CHAIRMAN. Just a minute. As I got the testimony, she came in his office at Reno and offered \$5,000 to buy 10,000 shares of stock. Did he know her?

Mr. HARTMANN. Senator, I can easily explain that.

The CHAIRMAN. Did he know her before she went there?

Mr. HARTMANN. Yes. The records will show that in the testimony—— both mine and Mr. Mooney's testimony, and so on. She did not buy the stock until 8 months afterward. He met her—I brought her down to him at the Fielding Hotel 8 months prior to that time.

The CHAIRMAN. Why did you bring her down to see him?

Mr. HARTMANN. For advice, and he——

The CHAIRMAN. About what?

Mr. HARTMANN. About her income tax.

The CHAIRMAN. Then you were trying to fix up her income tax?

Mr. HARTMANN. I was trying to be of help to her; yes.

The CHAIRMAN. Why were you trying——

Mr. HARTMANN. But I wouldn't use the word "fix."

The CHAIRMAN. Let's say "get the case settled." Would that be preferable?

Mr. HARTMANN. To get the case settled before it went to the fraud squad. Mr. Mooney and I took her up to Mr. Salinger's office at 999 Market Street, to a tax accountant, and he represented her then at the Tax Bureau.

The CHAIRMAN. Who did?

Mr. HARTMANN. Mr. Salinger.

The CHAIRMAN. I didn't understand the name.

Mr. HARTMANN. Salinger. S-a-l-i-n-g-e-r.

The CHAIRMAN. What is his first name?

Mr. HARTMANN. Oh, it's in the telephone book. I can't think of his first name right now.

The CHAIRMAN. When did you first know Mrs. Jenkins, Mr. Hartmann?

Mr. HARTMANN. About 3 years ago.

The CHAIRMAN. And how did you meet Mrs. Jenkins?

Mr. HARTMANN. Mr. Haley's son-in-law [sic] took me up to her home. She owned some oil property in Kern County. I took a lease from her on——

Mr. RIORDAN. Senator, I can't hear, so I would like to get near here so I can hear. This refers to my Jenkins case.

The CHAIRMAN. All right. You sit right here now. I think you can hear.

Mr. RIORDAN. Is it all right here?

The CHAIRMAN. Yes. Just move your chair right around here.

Mr. RIORDAN. It is difficult to hear back there.

The CHAIRMAN. Is it impossible to hear in the back?

(Cries of "Yes; it is.")

The CHAIRMAN. Is there anything that we can do about it?

Mr. HARTMANN. How is that? Better?

Mr. RICE. Is that better?



The CHAIRMAN. Does anybody know how to operate this thing here [indicating loudspeaker]?

Then you first knew Mrs. Jenkins about 2 years, you say, before this—

Mr. HARTMANN. About 3 years ago.

The CHAIRMAN. Three years before this matter took place?

Mr. HARTMANN. That's right.

The CHAIRMAN. And you met her through her son-in-law, Mister—

Mr. HARTMANN. Haley.

The CHAIRMAN. Haley. And the purpose of Mr. Haley taking you to see his mother-in-law was in connection with some oil stock?

Mr. HARTMANN. Not oil stock. Oil lease in Kern County—long before she was in any trouble.

The CHAIRMAN. Long before she was in any trouble?

Mr. HARTMANN. Yes.

The CHAIRMAN. All right. Now where did you meet Mr. Haley and what was your connection with him?

Mr. HARTMANN. I have known Mr. Haley for 25 years.

The CHAIRMAN. You have had business connections with him?

Mr. HARTMANN. Yes.

The CHAIRMAN. What kind of business connections?

Mr. HARTMANN. Buying and selling oil leases.

The CHAIRMAN. Buying and selling oil leases.

Mr. HARTMANN. Yes.

The CHAIRMAN. And then after you met Mrs. Jenkins, when did the matter of her income-tax difficulties come to your attention?

Mr. HARTMANN. When I read about it in the paper.

The CHAIRMAN. How long was that before this stock purchase that she made?

Mr. HARTMANN. About 2 years. A year and a half to 2 years.

The CHAIRMAN. And then you heard about her income-tax difficulty?

Mr. HARTMANN. Uh-huh [affirmative].

The CHAIRMAN. And what did you do then?

Mr. HARTMANN. I told her that I used to work for Mr. Mooney, who is well acquainted.

The CHAIRMAN. Well, you were working for him then, weren't you?

Mr. HARTMANN. No, no. I haven't been with him since 1946.

The CHAIRMAN. But you had worked for Mr. Mooney in the old days?

Mr. HARTMANN. No. I only worked for him from '43, a short period, '44, and '45.

The CHAIRMAN. All right. About when was this, now, that you told Mrs. Jenkins that you would speak to Mr. Mooney?

Mr. HARTMANN. The next time he came to San Francisco.

The CHAIRMAN. I know. About what year was that?

Mr. HARTMANN. Forty—forty—'47.

The CHAIRMAN. About '47?

Mr. HARTMANN. Yes; '47.

The CHAIRMAN. All right. She explained the case to you and you said that you would speak to Mr. Mooney about it?

Mr. HARTMANN. Yes.

The CHAIRMAN. What was the consideration for you speaking to Mr. Mooney?

Mr. HARTMANN. Nothing. She went down to see Mr. Mooney with me at the Fielding Hotel.

The CHAIRMAN. But, now before she went with you did you speak to Mr. MOONEY——

Mr. HARTMANN. I——

The CHAIRMAN. Before you took her down to see Mr. Mooney?

Mr. HARTMANN. No.

The CHAIRMAN. Did you talk the matter over with Mr. Mooney?

Mr. HARTMANN. No, no. He had come down here.

The CHAIRMAN. You just found out that he came here?

(Mr. Hartmann nodding affirmatively.)

The CHAIRMAN. Did you call him up on the phone at Reno to see when he was coming?

Mr. HARTMANN. Yes.

The CHAIRMAN. And did he make a special trip over——

Mr. HARTMANN. No.

The CHAIRMAN. To meet with you?

Mr. HARTMANN. No. He said he would see me the next time he got in. When he arrived at the Fielding he called me at the house.

The CHAIRMAN. Then you took Mrs. Jenkins down to see him at the Fielding Hotel?

Mr. HARTMANN. That's right.

The CHAIRMAN. Then what happened at the Fielding Hotel?

Mr. HARTMANN. He said he would find out how far the matter of her tax had gone and that he would phone me. And then he phoned me and he said——

The CHAIRMAN. Wait just a minute. At the Fielding Hotel, what was the discussion about Consolidated Copper stock?

Mr. HARTMANN. None whatever.

The CHAIRMAN. Why would Mr. Mooney be helping out in the matter?

Mr. HARTMANN. He helped me for the same reason that I was of help to him at various times.

The CHAIRMAN. I know. But why would he be wanting to help you at that time? You weren't working for him, you say.

Mr. HARTMANN. The record shows that I have known Mr. Mooney for 35 years.

The CHAIRMAN. But Mr. Mooney, according to your statement, just as a friend of yours was trying to help this friend of yours. Is that right?

Mr. HARTMANN. That's right. He didn't help her. He simply advised her he would take her up to Mr. Salinger's office.

The CHAIRMAN. After you had your conversation at the Fielding Hotel; what happened then?

Mr. HARTMANN. The three of us went up to Mr. Salinger's office. He is a tax consultant——

The CHAIRMAN. Yes, sir.

Mr. HARTMANN. And formerly was employed by the Internal Revenue Department.

The CHAIRMAN. You went directly up from the Fielding Hotel?

Mr. HARTMANN. Yes.

The CHAIRMAN. Is that correct?

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. To Mister S-a-l-i-n-g-e-r's?

Mr. HARTMANN. Yes.

The CHAIRMAN. What is his first name, do you know?

Mr. HARTMANN. I don't know, but I could tell by the telephone book.

The CHAIRMAN. All right. And then what happened when you got to the office?

Mr. HARTMANN. She was introduced to Mr. Salinger by Mr. Mooney, and so was I introduced. We left her there, and Mr. Mooney and I walked away. We didn't go in, because she wanted to talk to him personally.

The CHAIRMAN. Yes. Then what did you and Mr. Mooney do?

Mr. HARTMANN. He went to the Fielding and I went downtown.

The CHAIRMAN. Then when did the matter come up again?

Mr. HARTMANN. It never came up after that.

The CHAIRMAN. Well, when did you talk with Mrs. Jenkins about the stock?

Mr. HARTMANN. I never talked to Mrs. Jenkins about stock. I didn't know that she bought any stock until her son-in-law told me about it.

The CHAIRMAN. Don't you think it would be strange that she would just accidentally go over to Reno and plank down \$5,000?

Mr. HARTMANN. It was quite strange that she go up there without informing me about it.

The CHAIRMAN. She just didn't inform you about it at all?

Mr. HARTMANN. I didn't even know she went up there. She went up with Mr. Haley, her son-in-law, and another man.

The CHAIRMAN. And you didn't have any conversations with Mrs. Jenkins about the matter from that time until when?

Mr. HARTMANN. I hadn't had any conversations, because she—about 3 or 4 months later she went to Tehachapi.

The CHAIRMAN. So you have never talked with her since—

Mr. HARTMANN. I never.

The CHAIRMAN. Since the time you left her at the auditor's office until the present; is that correct?

Mr. HARTMANN. No; since the time I—

The CHAIRMAN. A little louder, now.

Mr. HARTMANN. No; I did talk to her, because she didn't leave town for 4 months after that.

The CHAIRMAN. Now, what other times did you talk with her?

Mr. HARTMANN. On many occasions.

The CHAIRMAN. What did you talk about?

Mr. HARTMAN. Nothing in particular.

The CHAIRMAN. Did you sell her any kind of stocks or securities?

Mr. HARTMANN. Yes; I did.

The CHAIRMAN. What did you sell her?

Mr. HARTMANN. Tonopah North Star.

The CHAIRMAN. What?

Mr. HARTMANN. Tonopah North Star.

The CHAIRMAN. North Star.



Mr. HARTMANN. I didn't. I recommended it. She bought some from her broker, from——

The CHAIRMAN. You got a commission out of it; didn't you?

Mr. HARTMANN. No; I did not.

The CHAIRMAN. You are not mad about it; are you?

Mr. HARTMANN. Well, don't try to trap me. Don't make a goat out of me. Be as kind to me as you were to Mr. Pat Mooney.

The CHAIRMAN. All right. I'll try to be kind to you.

Mr. HARTMANN. I think the only thing you lack here is the Democratic donkey and a brass band.

The CHAIRMAN. Now, Mr. Hartmann, if you will just answer questions and——

Mr. HARTMANN. I'll answer them, but I want a fair deal.

The CHAIRMAN. We are not asking your comment about what we are doing. We are attending to our own business. And you answer the questions.

Mr. HARTMANN. You cannot get a commission from a brokerage house.

The CHAIRMAN. All right. Well, the question was: Did you get any commission out of any stocks——

Mr. HARTMANN. No.

The CHAIRMAN. That were sold to Mrs. Jenkins?

Mr. HARTMANN. No, I did not.

The CHAIRMAN. Where else did you recommend she buy?

Mr. HARTMANN. Nothing else.

The CHAIRMAN. Did you ever sell her any stocks?

Mr. HARTMANN. No, sir.

The CHAIRMAN. Now, when did any discussion ever come up about the Consolidated Copper stock while you were talking with Mrs. Jenkins?

Mr. HARTMANN. There was no discussion so far as I am concerned. I never discussed it with her.

The CHAIRMAN. Did you ever discuss Consolidated Copper stock?

Mr. HARTMANN. No, sir.

The CHAIRMAN. Why did you tell Mr. Bucher or make a statement in Mr. Bucher's office about the Consolidated Copper stock?

Mr. HARTMANN. I told Mr. Bucher that she bought some, that I was surprised that she bought some of it—after the mine had practically shut down.

The CHAIRMAN. Didn't you tell him that you advised her to buy the stock?

Mr. HARTMANN. No, sir; I did not.

The CHAIRMAN. So you deny, sir, that you got the \$2,000 that Mr. Mooney said you got?

Mr. HARTMANN. I flatly deny it. I am here under oath. I did not get 1 penny out of the sale of that stock.

The CHAIRMAN. Did you know anything about the "Bones" Remmer stock?

Mr. HARTMANN. None whatever. Never met him.

The CHAIRMAN. What is the last sale of stock you made for the Consolidated Copper Co.?

Mr. HARTMANN. Oh, sometime in '46. I don't remember.

The CHAIRMAN. Do you remember whom that was to?



Mr. HARTMANN. No, I wouldn't remember. The early part of '46. No, I don't remember, Senator.

The CHAIRMAN. Insofar as Mrs. Jenkins is concerned, you got somebody to help her with her State case. Didn't you get a lawyer by the name of George T. Davis to help her?

Mr. HARTMANN. Yes.

The CHAIRMAN. That was the abortion charge in which she was involved?

Mr. HARTMANN. That's right.

Mr. RIORDAN. She went to jail for that, Senator. That is the only time I will interrupt.

The CHAIRMAN. Mr. Riordan, don't interrupt. We know that.

Mr. RIORDAN. I won't interrupt. She went to jail for that.

The CHAIRMAN. Mr. Mooney gave you 25,000 shares of Mountain City Consolidated Copper stock?

Mr. HARTMANN. He gave me 20,000.

The CHAIRMAN. Twenty thousand?

Mr. HARTMANN. Twenty thousand.

The CHAIRMAN. What was that for?

Mr. HARTMANN. I returned it to him. He gave it to me and made it out to me personally and asked me to sell it. He did not owe me any \$500, as he testified yesterday. He just told me to carry it in my pocket and to sell it.

The CHAIRMAN. So he wasn't indebted to you at all at that time?

Mr. HARTMANN. No, sir.

The CHAIRMAN. How much of it did you sell?

Mr. HARTMANN. I returned it all. Sold 3,000 shares and had to return the money—or \$3,000 worth. That's when I was arrested for violating the Corporate Securities Act. We bought the stock back and returned it to Mr. Mooney. I returned all——

The CHAIRMAN. Out of this 20,000 shares, you returned 10,000; didn't you?

Mr. HARTMANN. Yes.

The CHAIRMAN. How much had you sold at the time prior to that time?

Mr. HARTMANN. None.

The CHAIRMAN. Didn't you say that you had sold 3,000 shares?

Mr. HARTMANN. Yes; out of the 3,000 that I testified to.

The CHAIRMAN. Yes.

Mr. HARTMANN. I returned all the stock.

The CHAIRMAN. Was it through the sale of those 3,000 that you got——

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. Convicted of violating the blue-sky laws in California?

Mr. HARTMANN. You are not allowed to sell it in the State of California. Mr. Mooney was here to testify that he sold 5,000 shares in Los Angeles.

The CHAIRMAN. I believe Mr. Lynch, the district attorney, and Mr. Brown were the attorneys who handled the case.

Mr. HARTMANN. Yes, sir; yes.

The CHAIRMAN. And then you were convicted in that case?

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. And you were given a sentence of how much?

Mr. HARTMANN. I was given 5 years' probation. It was set aside at the end of 8 months and expunged.

The CHAIRMAN. Did Mr. Mooney help you get that matter straightened out?

Mr. HARTMANN. Yes. I returned the money to him and he returned the 3,000 to buy the stock back.

The CHAIRMAN. So you never served any time actually?

Mr. HARTMANN. No, sir.

The CHAIRMAN. Anyway, Mr. Mooney did intercede and you appreciated that; didn't you?

Mr. HARTMANN. He interceded so far. He should have advised me that the stock was not qualified in the State of California and I would not have sold it here; and the money was forwarded to him when the stock was sold.

The CHAIRMAN. As a matter of fact, Mr. Hartmann, was one of the reasons this stock could be sold that there is a Mountain City Copper Co. which is on the board, which has a price of maybe 90 cents a share or a dollar a share?

Mr. HARTMANN. I don't believe that that is the reason that it could be sold. I believe that the reason it could be sold is that Mr. Mooney was well known in the State of Nevada. He was Democratic national chairman and he was connected with the Internal Revenue Department. And I think that that is one of the reasons that the stock was sold.

The CHAIRMAN. Wasn't it shown in the evidence in the State case that part of the representation was that you would show the paper and the newspaper where Mountain City Copper was selling at such-and-such a price, and the impression would be that that was the stock that you had?

Mr. HARTMANN. No, no. That was the only—if I may introduce that [indicating a progress report on current operations of Mountain City Consolidated Copper Co.], that was the only thing the stockholder got.

The CHAIRMAN. This is the only thing in writing he got, but I am talking about something he may have gotten orally.

Mr. HARTMANN. No; no, sir.

The CHAIRMAN. Well, we will make this an exhibit to your testimony.

Mr. HARTMANN. Yes.

The CHAIRMAN. This is A Progress Report on Current Operations of Mountain City Consolidated Copper Co., reproduced from the Reno Evening Gazette.

Mr. HARTMANN. Which Mr. Mooney sent through the mails with his own letter.

(Copy of A Progress Report on Current Operations of Mountain City Consolidated Copper Co., reproduced from the Reno Evening Gazette, was received in evidence, marked "Exhibit No. 51," and is on file with the committee.)

The CHAIRMAN. But you deny that you——

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. Showed the prospective customer where Mountain City Copper Co. was selling at a certain price?

Mr. HARTMANN. That's right.

The CHAIRMAN. And then they would think that this was the same stock?

Mr. HARTMANN. No.

The CHAIRMAN. Now, Mr. Hartmann, we had Mr. Kaltenborn before us over in Las Vegas, as you may know, and his version was that he had never seen or heard of you before; that you came to see him; and we have his testimony here somewhere.

Mr. RICE. Yes.

The CHAIRMAN. That you came to see him and said:

I know, Mr. Kaltenborn, from talking with people in the Internal Revenue Department, that you were in tax difficulties—

and that—

The trouble with you, Mr. Kaltenborn, is that you don't know the right people. You ought to know Mr. Mooney, and you ought to know other people who are great friends of mine—

and—

Here is this company of which Mr. Mooney is secretary and treasurer, and he's the income-tax man in the State; and if you buy this stock, why, it is pretty natural that things are going to be fixed up for you—

and that you had two or three conversations of that kind. And I think somebody overheard part of a conversation of that kind where you made that sort of representation to Mr. Kaltenborn.

Mr. HARTMANN. As a matter of fact, I have a witness and he has none.

The CHAIRMAN. You have the witness?

Mr. HARTMANN. Yes, sir. I called on him with another man.

The CHAIRMAN. But after you went back to the hotel, you went back to the hotel and you made a call. And I think there is where the witness came in that he had; that you had a witness somewhere else, didn't you?

Mr. HARTMANN. I didn't make the call.

The CHAIRMAN. Anyway, a call was made?

Mr. HARTMANN. A call was made by Mr. Kaltenborn.

The CHAIRMAN. To whom was it made?

Mr. HARTMANN. To Mr. Thatcher.

The CHAIRMAN. What was that call all about?

Mr. HARTMAN. About he would like to buy some stock, but he was indicted, and could he be helped out? And Mr. Thatcher turned him down.

The CHAIRMAN. How did it happen that you went to see Mr. Kaltenborn in the first place? You didn't know him before, did you?

Mr. HARTMANN. I called on a dozen, 2 dozen people down there.

The CHAIRMAN. Did you just ferret him out?

Mr. HARTMANN. No; I didn't. I told you in my earlier testimony that I was down there with a Packard car, and he sells parts; and we dropped in there and bought some parts from him.

The CHAIRMAN. Don't you think it was particularly strange that you happened to pick out a man who had income-tax trouble?

Mr. HARTMANN. I didn't know that he had income-tax trouble.

The CHAIRMAN. It was just a coincidence?



Mr. HARTMANN. No. It was after Mr. Mooney advised that he had income-tax trouble that we refused to sell him any stock. And it was just a part of "sour grapes" on the part of Mr. Kaltenborn because he was indicted and sentenced.

The CHAIRMAN. So you don't know that Mr. Mooney would sell anybody any stock who had income-tax difficulties?

Mr. HARTMANN. No, sir. Mr. Mooney never even attempted to fix up anybody's income-tax troubles.

The CHAIRMAN. I know. But he wouldn't sell anybody any stock who had income-tax troubles?

Mr. HARTMANN. That is correct.

The CHAIRMAN. He knew that Mrs. Jenkins had income-tax trouble, didn't he?

Mr. HARTMANN. He had nothing to do with that. Mrs. Jenkins is in California and he is in Nevada.

The CHAIRMAN. But he knew Mrs. Jenkins pretty well, didn't he?

Mr. HARTMANN. Mr. Mooney didn't have nothing to do with the Jenkins case.

The CHAIRMAN. So your testimony is that Mr. Mooney wouldn't sell Mr. Kaltenborn stock because he had income-tax trouble?

Mr. HARTMANN. He wouldn't sell anybody any stock who had income-tax difficulty.

The CHAIRMAN. How about Mr. Remmer? He had some income-tax trouble and he sold him some stock.

Mr. HARTMANN. Only in the testimony. I never knew anything about it.

The CHAIRMAN. Who was it who called somebody in New York City?

Mr. HARTMANN. I don't know. I don't believe there was a call made.

The CHAIRMAN. Well, you testified that you put up \$28.

Mr. HARTMANN. Well, it wasn't the truth.

The CHAIRMAN. Mr. Hartmann, we are having a hard time trying to find out—as a matter of fact, we have a record of the telephone call, Mr. Hartmann.

Mr. HARTMANN. All right.

Mr. RICE. No. Hoffman made the call.

The CHAIRMAN. Here is part of the conversation——

Mr. HARTMANN. I know I said that I called.

The CHAIRMAN. Now, just a minute. Just a minute. [Reading:]

Mr. HARTMANN. I said I would spend the money myself. I spent \$28 the other day for the two telephone calls to this guy in New York.

Mr. BUCHER. In New York?

Mr. HARTMANN. Yes.

Now, you made these statements when you are just talking with a man.

Mr. HARTMANN. Uh-huh [affirmative].

The CHAIRMAN. How are we going to know which are correct, Mr. Hartmann?

Mr. HARTMANN. That isn't correct.

The CHAIRMAN. That isn't correct?

Mr. HARTMANN. No.

The CHAIRMAN. All this conversation about how you were fixing the Jenkins case and how Mr. Schino was coming in to help in the matter that you had with Mr. Bucher isn't correct?



Mr. HARTMANN. That's right.

The CHAIRMAN. Did you say it at the time?

Mr. HARTMANN. Yes.

The CHAIRMAN. Well, can you explain how you would go into all these details?

Mr. HARTMANN. Yes, I can.

The CHAIRMAN. Why would you just think up about calling up somebody in New York if there wasn't anything to it? How would it occur to you?

Mr. HARTMANN. I owed Mrs. Jenkins \$1,400 and Mr. Bucher threatened to sue me, and I tried to ingratiate myself with Mr. Bucher. And Mr. Bucher tricked me into it. And I came up there and I was under the influence of liquor, and I made a lot of idle statements. And it was all in the spirit of ingratiation.

The CHAIRMAN. Well, you talked very coherently.

Mr. HARTMANN. Not if you listened to the—to the—whatever that transcript—

The CHAIRMAN. Why did you just pick out of the thin air that you called somebody in New York and paid out \$28?

Mr. HARTMANN. Well, it can easily be checked if I talked to New York. You will find that you can't check that I ever talked to New York.

The CHAIRMAN. I know. But why would you pick that out in the thin air?

Mr. HARTMANN. I don't know.

The CHAIRMAN. How would that add to the conversation?

Mr. HARTMANN. None whatever.

The CHAIRMAN. So you were just trying to—

Mr. HARTMANN. For the same reason that he tricked Mrs. Jenkins down in Tehachapi. He went down there and said, "If you make (such-and-such) a statement, we will guarantee that you will not be indicted." Mr. Bucher also made the statement to Mrs. Jenkins: that he has permission from her son-in-law for him to testify.

The CHAIRMAN. According to the record of conversation, you said:

You know we got to be very friendly, Mike and I—

You are talking about Mike Schino.

You know we got to be very friendly, Mike and I. The attorneys will keep a confidence, you know, and I know you won't repeat it.

Mr. BUCHER. Oh, sure. You told me before about this.

\* \* \* \* \*

Mr. HARTMANN. "Well, for a \$2,500 touch," he says, "I'd have settled it for maybe seven or eight thousand dollars."

Mr. BUCHER. Well, he could have settled it for seven or eight thousand dollars?

Mr. HARTMANN. Yeah, but she had a lawyer \* \* \* and ah—

Mr. BUCHER. What does he expect her to do?

Mr. HARTMANN. So I said, "Well \* \* \* we are closer than being friendly. He raised some money for me, you know and he can do it. I mean, when it comes to a deal, all he has to do is to phone, 'I'm sending Marty Hartmann over and I want you to go into this oil deal'—or something, and he can do it because he has got a lot of friends." So I said, "I want to tell you something. This Mrs. Jenkins, she has got a lousy deal."

Mr. BUCHER. That she did, a lousy deal.

Mr. HARTMANN. A terrible lousy deal. They batted her around like nobody's business. Even that lousy Pat Mooney, which you—

Mr. BUCHER. Who is this "Pat"? Pat who?

Mr. HARTMANN. Pat Mooney, United States—

\* \* \* \* \*

Mr. HARTMANN. Pat and I, yes. Pat got me very friendly with Schino.

Mr. BUCHER. Oh, I see. He holds the same job in Nevada as Schino does here.

And then why would you be talking about those details if you didn't mean any of them, Mr. Hartmann?

Mr. HARTMANN. I told you twice that I was under the influence of liquor and I just talked idly, in a braggadocio manner. I had—Mr. Bucher knows. He told me to go home and take a nap.

The CHAIRMAN. Well, it doesn't appear in this transcript about "taking a nap" or about him telling you to "go home." Were you drunk the second time you went up and talked with him?

Mr. HARTMANN. Yes, sir. Yes, sir.

The CHAIRMAN. Whenever you would go to see Mr. Bucher—

Mr. HARTMANN. No. He would never keep the appointment, and I would go downstairs and wait for him. He told me to go downstairs and meet him at the Bonanza Club.

The CHAIRMAN. Now here, did you ever know Joe Higgins?

Mr. HARTMANN. No, never.

The CHAIRMAN. How did you get his name to talk about him at all?

Mr. HARTMANN. There is a Joe Higgins in the internal revenue Department here in San Francisco.

The CHAIRMAN. How did you ever get the name of anybody by the name of Joe Higgins in New York?

Mr. HARTMANN. I don't know.

The CHAIRMAN. I think the records show he is a very reputable and capable lawyer. I don't know him personally, but I think that that is the record.

Mr. HARTMANN. That isn't the Joe Higgins.

The CHAIRMAN. How did you happen to be talking about him? Or were you talking about him?

Mr. HARTMANN. Presumably, if his name is in that transcript, I was.

The CHAIRMAN. So you didn't know anything, then, about the stock issued to Mr. Schino's sister?

Mr. HARTMANN. No, sir.

The CHAIRMAN. That wasn't arranged through you at all?

Mr. HARTMANN. No, sir. I didn't know he had a sister.

Mr. ROBINSON. Mr. Chairman, I think at this time I should offer as an exhibit to the record at this point the affidavit executed by Mrs. Gertrude Jenkins on June 27, 1950.

The CHAIRMAN. It will be made a part of the record.

(Photostatic copy of affidavit of Gertrude Jenkins, dated June 27, 1950, was previously received in evidence and marked "Exhibit No. 25.")

The CHAIRMAN. What is the pertinent part of it, Mr. Robinson?

Mr. ROBINSON. I think the entire affidavit should be made a part of the record.

The CHAIRMAN. Anything else of Mr. Hartmann?

Mr. ROBINSON. Yes.

Mr. Hartmann, did you have any oil ventures in association with Mr. Schino?

Mr. HARTMANN. No.

Mr. ROBINSON. Did you discuss oil ventures with anybody with Mr. Schino?

Mr. HARTMANN. Yes, sir.

Mr. ROBINSON. Will you tell the committee the nature of those discussions?

Mr. HARTMANN. There was some property, 640 acres, in Porterville, Calif., that could be purchased from an estate. It took \$48,000 to buy it. And I asked Mr. Schino if he knew anybody that could put up part of the money; that I wanted to make a syndicate out of it and raise enough money to buy it.

Mr. ROBINSON. Did you make any trips in connection with that oil property with Mr. Schino?

Mr. HARTMANN. No, sir.

Mr. ROBINSON. You didn't go to San Jose with Mr. Schino?

Mr. HARTMANN. Yes, I went to San Jose.

Mr. ROBINSON. Was that in connection with the oil venture?

Mr. HARTMANN. No, sir.

Mr. ROBINSON. Where did you meet Mr. Schino in San Jose on that occasion?

Mr. HARTMANN. Mr. Schino was driving down to his office down there and I asked him to take me with him, because I wanted to see Mr. Burt Haley, who is the son-in-law of Mrs. Jenkins. So he dropped me off at Burt Haley's and he went on about his business.

Mr. ROBINSON. Did he meet you at Burt Haley's later?

Mr. HARTMANN. Yes, sir. He came back. I got a case of wine and brought it back in his car to my home.

Mr. ROBINSON. Did you make any other trips with Mr. Schino?

Mr. HARTMANN. No, sir.

Mr. ROBINSON. Did you ever meet Mr. Schino at the Hollywood Knickerbocker Hotel?

Mr. HARTMANN. Several times.

Mr. ROBINSON. Several times. Was that by prearrangement?

Mr. HARTMANN. No. He always stops there, and every time I go to Los Angeles I stop there.

Mr. ROBINSON. You had lunch with Mr. Schino as a matter of weekly routine here?

Mr. HARTMANN. Several; yes.

Mr. ROBINSON. Several times a week?

Mr. HARTMANN. No; not several times a week. I had lunch with him several times.

Mr. ROBINSON. Did you have that many matters of mutual interest that you would have to have lunch with a man several times a week?

Mr. HARTMANN. No. He had a friend come out from Chicago that was in the oil business, and he phoned me: Would I meet him and meet his friend who had some oil property in Chicago? And I went there and had lunch, and this friend of his submitted the property, which was too big to handle. I turned it down.

Mr. ROBINSON. Was that the same oil venture that you mentioned before?

Mr. HARTMANN. No.

Mr. ROBINSON. Oh. This was another one?

Mr. HARTMANN. Yes.

Mr. ROBINSON. How many oil ventures did you have in which Mr. Schino had an interest?

Mr. HARTMANN. He had no interest in it whatsoever.



Mr. ROBINSON. He had an interest in the preliminary negotiations, didn't he?

Mr. HARTMANN. There were no preliminary negotiations. This friend that came out——

Mr. ROBINSON. Well, you went out to look at property, didn't you?

Mr. HARTMANN. Yes.

Mr. ROBINSON. That is a "preliminary negotiation," isn't it?

Mr. HARTMANN. He didn't go out to look at any property.

Mr. ROBINSON. Did you go to Porterville together?

Mr. HARTMANN. No, sir.

Mr. ROBINSON. Did you get maps of the Porterville area from his office?

Mr. HARTMANN. Right from Mr. Schino's office.

Mr. ROBINSON. Well, they were "preliminary negotiations," weren't they?

Mr. HARTMANN. Call it preliminary negotiations.

Mr. ROBINSON. What is your present occupation?

Mr. HARTMANN. Nothing.

Mr. ROBINSON. What is that?

Mr. HARTMANN. Nothing.

Mr. ROBINSON. How long since you have had one?

Mr. HARTMANN. A long time.

Mr. ROBINSON. Will you tell the committee where you were when they were here on November 18 and wanted to hear from you?

Mr. HARTMANN. Here in San Francisco. I came up on the same train with the committee.

Mr. ROBINSON. Did you make your presence known to the committee?

Mr. HARTMANN. No; I did not.

Mr. ROBINSON. Did you know the committee was interested in hearing from you?

Mr. HARTMANN. I wasn't subpoenaed.

Mr. ROBINSON. Never mind whether you were subpoenaed. Did you know the committee was interested in hearing from you?

Mr. HARTMANN. No.

Mr. ROBINSON. You hadn't read the papers?

Mr. HARTMANN. I read the papers; yes.

Mr. ROBINSON. Did you see anything in the paper?

Mr. HARTMANN. But I didn't receive a subpoena until this time.

Mr. ROBINSON. Did you see anything in the papers?

Mr. HARTMANN. Yes. But I am not running after you or Mr. Kefauver.

Mr. ROBINSON. I have no further questions.

The CHAIRMAN. One other question. This fellow Haley that you were talking about, Mr. Hartmann, is Mrs. Jenkins' son-in-law. Didn't he use to drive you and Mr. Mooney around to see customers?

Mr. HARTMANN. Mr. Haley?

The CHAIRMAN. Yes.

Mr. HARTMANN. Just once; this last trip in 1947.

The CHAIRMAN. Where was it he drove you to?

Mr. HARTMANN. He drove us to Elko; from Elko to Idaho.

The CHAIRMAN. To sell some stock——

Mr. HARTMANN. No.



The CHAIRMAN. Or see prospective buyers?

Mr. HARTMANN. Yes.

The CHAIRMAN. That was the purpose of the trip?

Mr. HARTMANN. Yes, sir.

The CHAIRMAN. Did you know, Mr. Hartmann, that there wasn't anything, really, to this Copper Co. property? Did you know that?

Mr. HARTMANN. No. I visited the property. I thought it had a pretty good prospective chance.

The CHAIRMAN. It never produced anything.

Mr. HARTMANN. Ninety-nine mines out of a hundred do not produce. The same thing with oil wells.

The CHAIRMAN. But they sold about \$200,000 worth of stock in the company.

Mr. HARTMANN. Does the record show that we sold \$200,000 worth of stock in the company?

The CHAIRMAN. Isn't it somewhere in that neighborhood?

Mr. HARTMANN. I don't believe so. I don't think he sold——

The CHAIRMAN. How about this Mr. Williams, who was one of the original incorporators and later resigned? Did you know him?

Mr. HARTMANN. No, sir.

The CHAIRMAN. You never had any dealings with him?

Mr. HARTMANN. No, sir.

The CHAIRMAN. Mr. Miller—did you know him in the——

Mr. HARTMANN. No, sir.

The CHAIRMAN. Transaction at all?

Mr. HARTMANN. No, sir.

The CHAIRMAN. That is Thomas Miller. He appeared as an officer of the company at one time.

Mr. HARTMANN (shaking head negatively).

The CHAIRMAN. What was Mr. Haley's conviction? Something in connection with narcotics?

Mr. HARTMANN. I don't know. He has a bar in San Jose.

The CHAIRMAN. He has a what?

Mr. HARTMANN. A bar.

The CHAIRMAN. I know. What was it he was sent away on?

Mr. HARTMANN. I don't know.

The CHAIRMAN. All right. Anything else?

Mr. ROBINSON. That's all.

The CHAIRMAN. That's all. Thank you.

#### **FURTHER TESTIMONY OF CARROLL S. BUCHER AND THOMAS J. RIORDA, SAN FRANCISCO, CALIF.**

Mr. RIORDAN. Mr. Bucher, will you come forward.

I promised to be here this morning under our agreement with Mr. Bucher.

The CHAIRMAN. Just a minute, Mr. Riordan. We are calling witnesses as we want them.

Mr. RIORDAN. Oh, I beg your pardon.

The CHAIRMAN. Is Mr. Bucher going to testify?

Mr. RIORDAN. What?

The CHAIRMAN. Is he going to testify freely, without any limitation?

Mr. RIORDAN. I would like him to have the privilege to make a statement. He read an article in the Examiner this morning. And my statement still stands: that he and the lady, Mrs. Jenkins, are willing to testify before Mr. McMillan's grand jury, sir, if there are no additional indictments and if the indictment she is under is dismissed.

Mr. BUCHER. Mr. Chairman?

The CHAIRMAN. Mr. Riordan, we are not going to make any deals with you.

Mr. RIORDAN. I understand your position.

The CHAIRMAN. So if Mr. Bucher wants to testify, without any strings tied to it, it is all right; otherwise it is no use taking up the committee's time.

Mr. BUCHER. Mr. Chairman, if you will allow me to confer with Mr. Riordan in the hall for a few minutes.

The CHAIRMAN. Very well. Then you and Mr. Riordan go out and confer.

Mr. HOERTKORN, are you here, sir?

Mr. HOERTKORN. Yes; I am.

The CHAIRMAN. Will you come around, please.

#### FURTHER TESTIMONY OF HAROLD T. HOERTKORN, SAN FRANCISCO, CALIF.

The CHAIRMAN. Sit down, sir.

Mr. HOERTKORN. Thank you, sir.

The CHAIRMAN. You turned some records over to Mr. Rice or Mr. Amis.

Mr. Rice, will you see what you have there in the way of records?

Mr. RICE. Yes, sir.

These are records you turned in this morning?

Mr. HOERTKORN. Yes; they are.

Mr. RICE. Will you tell us what those records are, Mr. Hoertkorn?

Mr. HOERTKORN. These are records that I have seen for the first time this morning.

Mr. RICE. And where did you get those, sir?

Mr. HOERTKORN. Mr. Samish gave them to me this morning.

Mr. RICE. Personally?

Mr. HOERTKORN. Personally.

Mr. RICE. What are these records?

Mr. HOERTKORN. They indicate the balance in bank at the beginning of every month.

Mr. RICE. You are talking about the Crocker special fund account; is that right?

Mr. HOERTKORN. I believe so; yes. It represents the balance on hand at the first of the month, plus deposits, less checks drawn from the fund—which would give at the end of the month the balance due on hand.

Well, these—I guess you would call them analyses of bank accounts for the period September 30, 1949, to, I believe, the end of February 1951.

The CHAIRMAN. All right. Go ahead, Mr. Rice.

Mr. RICE. Now, sir, who prepared this, if you know—referring to "An analysis of public relations fund dated September 30, 1949, acc."?

Mr. HOERTKORN. Yes; I do know. I have been told this has been prepared and these work sheets are prepared by Mr. Oscar Koehn, the accountant for the brewers institute.

Mr. RICE. Mr. Oscar Koehn?

Mr. HOERTKORN. Yes.

Mr. RICE. Is this his handwriting here?

Mr. HOERTKORN. Well, I couldn't identify that. I don't even know the gentleman.

Mr. RICE. Yes. Now, you have been told that those are Koehn's?

Mr. HOERTKORN. I have been told that; yes, sir.

Mr. RICE. All right. Is this typewritten sheet a recap of the handwritten sheet?

Mr. HOERTKORN. I would believe so. I haven't checked in minute detail, but I am quite certain it is.

Mr. RICE. Yes. Now, this represents, then, the cash in bank as of the 1st of September, the moneys received from the contributing brewing companies, and the pay-outs or disbursements by the checking account; is that correct?

Mr. HOERTKORN. That's absolutely correct.

Mr. RICE. How about the checkbook itself? The stubs?

Mr. HOERTKORN. I have never seen any checkbooks or any stubs.

Mr. RICE. Yes. Now, who is the custodian of that?

Mr. HOERTKORN. That I don't know.

Mr. RICE. It seems to me that your instructions yesterday were to find out who was the custodian and to produce the check stub book. Is this the best you can do?

Mr. HOERTKORN. This is what has been turned over to me by Mr. Samish. We attempted to contact Mr. Koehn but we were unable to.

Mr. RICE. Why not?

Mr. HOERTKORN. We tried. Mr. Hamilton last night tried several times to reach him at his home, and several times this morning in my presence he tried to reach him, but he is unable to contact him.

The CHAIRMAN. What is Mr. Koehn's first name?

Mr. HOERTKORN. Oscar.

The CHAIRMAN. And where is his place of business?

Mr. HOERTKORN. I don't know the address of the California Brewers' Institute. I think it is 155 New Montgomery, however.

The CHAIRMAN. Let a subpoena be issued to Mr. Koehn and get him in and see what we can find out from him.

Let me see. I understand that what you have here is the cash in the Crocker account at the end of each month. Is that what you have got? I mean the amount of the deposit.

Mr. HOERTKORN. Yes, sir. The amount of the deposit plus the disbursements from the fund.

Mr. RICE. What period does this cover?

The CHAIRMAN. Just a minute. We can get that, of course, from the Crocker Bank as to how much is in the bank account. Unfortunately, the bank in which the account is kept does not microfilm the checks, so that we can't get that. What we want to know is what the checks are and what the disbursements were. Do you have that here?

Mr. HOERTKORN. Of course I have no knowledge of those checks. I don't prepare them or have anything to do with that account.

Mr. RICE. For instance, here, Senator, referring to October 1950—



at least the reverse of the worksheet of September 1950, "Check No. 196, October"—was it October 3?

Mr. HOERTKORN. As indicated; yes.

Mr. RICE. Check No. 196 is apparently drawn to "cash" in the amount of \$15,000.

The CHAIRMAN. What is that?

Mr. RICE. Check No. 196, on October 3, 1950, is evidently drawn to "cash" in the amount of \$15,000. Check No. 197 is drawn to "cash" in the amount of \$10,000, evidently on or about the same date. Are there any supporting documents behind those? Any vouchers, invoices, books, records, or anything which will show the nature of that cash disbursement?

Mr. HOERTKORN. To my knowledge there is none. But, as I say, I have never seen these records before. I do not aid in the preparation. I am not the accountant for the Institute. So I can't answer the question fairly.

The CHAIRMAN. Mr. Hoertkorn, I suppose representations were made to the Bureau of Internal Revenue that one-half of this fund would be used for advertising the vitamins, or something or another, in beer. That is a legitimate deduction for a trade purpose. How are they going to check up on how this money has been used? After all, we have a million dollars that came into this fund in 10 years. You are a certified public accountant. How are they going to do it?

Mr. HOERTKORN. Well, that probably has been settled at some time previous with the Bureau of Internal Revenue, because undoubtedly these tax returns have been examined previously.

The CHAIRMAN. Well, I understand they got in touch with the Bureau maybe every so often and got a form—whatever that 90—

Mr. HOERTKORN. 990, I believe.

The CHAIRMAN. 990 as to one-half of this fund. But then if it is not used as set forth, that of course violates the agreement and the fund would be taxable. How are they going to tell whether half of it is used for trade purposes or not?

Mr. HOERTKORN. Well, Senator, I think you are asking me a question which I am not qualified to answer. I mean, I do not audit any breweries, nor am I a certified public accountant for the Brewers' Institute.

Mr. RICE. For instance, Senator, here is a check in January 1951, check No. 274, drawn to the Cork 'n Bottle in the amount of \$553.54. There is no supporting item for that at all to show what the reason would be for that disbursement?

Mr. HOERTKORN. As I say, I don't know. This is not my work.

The CHAIRMAN. Do you know whether these are all the February checks? Is there some description of what they are, Mr. Rice, or does that show?

Mr. RICE. It is impossible to tell through this witness, Senator. He says this is something handed to him by someone else. He doesn't keep it; he doesn't know.

The CHAIRMAN. Who was it who handed this to you?

Mr. HOERTKORN. Mr. Samish gave it to me this morning.

The CHAIRMAN. Oh, I see.

Then, anyway, for what value it may be, let us make it an exhibit to the testimony.



(Analysis of public-relations fund, dated September 30, 1949, was received in evidence, marked "Exhibit No. 52," and is on file with the committee.)

Mr. RICE. Did you notify Miss Ready to be here?

Mr. HOERTKORN. Miss Ready has been on vacation for the past 8 days, and she wasn't notified. The office doesn't know where she is at the present time.

Mr. RICE. She is among the missing?

Mr. HOERTKORN. Yes, sir.

The CHAIRMAN. How about Miss Martinell? Did you notify her?

Mr. HOERTKORN. I did not notify her. We got back to the office too late, and she couldn't be reached, I believe.

The CHAIRMAN. Will you see if you can notify her. Maybe she can throw some light on what is going on here.

Mr. HOERTKORN. I doubt that very much.

The CHAIRMAN. Mr. Samish, will you see if you can find Miss Martinell.

Mr. RICE. Mr. Samish seems to be sitting over here. Maybe he can straighten out this matter.

The CHAIRMAN. Where are these ladies, Mr. Samish?

Mr. SAMISH. Miss Ready has been on vacation, and we have a 40-hour week and they leave on Friday. I can help you with that, Senator, in detail at the proper time—that entire statement that you have in your hands. In fact I could help with it where they couldn't.

The CHAIRMAN. Well, Mr. Samish, come over here and sit down a minute.

Mr. SAMISH. Delighted to.

The CHAIRMAN. And let's see if we can get this thing straightened out. We don't want to go into your testimony. The only things we want to try to get our hands on for examination are the check stubs and the records showing what these disbursements are for.

#### FURTHER TESTIMONY OF ARTHUR H. SAMISH, SAN FRANCISCO, CALIF.

Mr. SAMISH. Well, Senator, if you will permit me to either go into everything you care for me to cooperate with you at this time, I will be glad to do it, or if you suggest that the matter be kept over until such time as you want to interrogate me, so that we won't break the continuity of the cooperation I want to give you.

The CHAIRMAN. The only thing we want here now, Mr. Samish, so that our auditors can examine it, is the record of disbursements of the Crocker fund. That is the check stubs or the canceled checks or some record of where that money has gone to over the last year or the year before. Is that available? Do you have a record—

Mr. SAMISH. Let me explain that away, Senator.

The CHAIRMAN. I don't want it explained away. All we want is just the records, sir.

Mr. SAMISH. Well, I know. But I have got to—if you will permit me again, as I say, we want to cooperate with you as witnesses.

The CHAIRMAN. All right. That's fine. But before we call you to the stand, you haven't any objection to giving us the check stubs, have you?

Mr. SAMISH. I don't keep the check book.

The CHAIRMAN. Or where these checks were written?

Mr. SAMISH. I don't have that.

The CHAIRMAN. You don't have that?

Mr. SAMISH. No.

The CHAIRMAN. You mean——

Mr. SAMISH. I would like to tell you the way that is handled, if I may.

The CHAIRMAN. All right. Tell us how it is handled.

Mr. SAMISH. All right. There is a gentleman by the name of Mr. Koehn over at the Brewers' Institute.

The CHAIRMAN. K-i-n-g?

Mr. SAMISH. K-o-e-h-n.

The CHAIRMAN. K-o-e-h-n.

Mr. SAMISH. K-o-e-h-n.

The CHAIRMAN. Yes.

Mr. SAMISH. At some time during the month when he receives the gallonage figures from each brewery from the State, he bills them out at 5 cents a barrel. That money—or those checks, rather, come back to him. He in turn deposits them into Crocker National Bank. Checks on that fund are drawn at my request, subject to the approval of the board of directors of the State Brewers' Institute, which will show in the contract, copy of which you have, and approved by the board of directors at their annual meeting. At the end of each month the bank statement, reconciled, is mailed to my office together with canceled checks. I sometimes look at them and sometimes I don't. And I destroy them by throwing them in the wastebasket.

You asked Mr. Hoertkorn as to how you can find out as to whether half of that money they deduct from Government goes into proper channels. I may say this to you: This morning we learned from the bank that we can over a period of time, and which we will, have a photostat of all checks that have been issued for the last 10 years, and set up a set of books so that we will have no misunderstanding with anybody. In the meantime——

The CHAIRMAN. Wait a minute. Who told you that at the bank, Mr. Samish?

Mr. SAMISH. I had—I had the representative contact the bank. Just how I don't know.

The CHAIRMAN. Somebody, you say, contacted the bank?

Mr. SAMISH. Yes.

The CHAIRMAN. And they said that they could microfilm the checks that have been drawn on this account?

Mr. SAMISH. No. Here is what they would have to do: They would have to take the checks drawn on that account, trace them back to the bank at which they have been cashed, as I understand it, which will take a few months or less, and complete that file. Now, in the meantime, as far as half of that fund, as I understand, the brewers deduct; the other half they don't. If you will take that year-and-a-half statement, or rather Mr. Amis, and check it, you will see that Samish receives \$2,500 a month or \$30,000 a year in accordance with this contract.

The CHAIRMAN. We don't want to go into the details right now of your testimony. The thing is that it seems fantastic that there are

no check stubs kept of checks written on this fund. Also I can't understand why the checks should be thrown away when they come back and why something isn't kept in a little book, or some kind of book, about what these expenses are for. The internal revenue law requires it, Mr. Samish.

Mr. SAMISH. Well, I don't take charge of that fund.

The CHAIRMAN. Section 29.54-1, Records of and Income Tax Forms, which I think we will just read into the record at this point.

All right. Mr. Rice reads better than I do. Let him read it.

Mr. RICE (reading) :

Every person subject to tax—

and it excepts certain people—

shall, for the purpose of enabling the Commissioner to determine the correct amount of income subject to tax, keep such permanent books of account—

permanent books of account—

or records, including inventories, as are such to establish the amount of the gross income and the deductions, credits, and other matters required to be shown in any return.

I am told by Mr. Campbell of the Penal Division that the returns 990 are included in this chapter by interpretation of the Internal Revenue Department and that permanent records are required to be kept.

The CHAIRMAN. Well, now, let's see where we are.

Mr. RICE. And they should be kept so long as the contents thereof may become material in the administration of any internal revenue law. I think you will agree that the statute of limitations on internal revenue is 6 years.

The CHAIRMAN. Yes. Now, we don't want to go into all this at this time. But what would Mr. Koehn have? Would he have any records over there?

Mr. SAMISH. I couldn't tell you, Senator. You see, I don't keep track of that fund.

The CHAIRMAN. Now, Mr. Samish, where are these checks written? I don't mean where they are signed. But when a check is payable to John Jones for a telephone bill, or let's say John Jones for billboard advertising or something, is that written in your office?

Mr. SAMISH. No.

The CHAIRMAN. Where is it written?

Mr. SAMISH. Over at the State Brewers' Institute office.

The CHAIRMAN. You mean some secretary over there writes it?

Mr. SAMISH. Yes. Rather, I don't know whether the secretary but an employee of the State Brewers' Institute.

The CHAIRMAN. You send over some request for that, don't you?

Mr. SAMISH. I make the request.

The CHAIRMAN. Where are the copies of the requests?

Mr. SAMISH. Well, I do that over the telephone.

The CHAIRMAN. Oh, you do that over the telephone. How does the information get to you from which you make the request on the telephone?

Mr. SAMISH. I make the decisions.

The CHAIRMAN. You make the decisions?



Mr. SAMISH. I make the decisions. Let me just say, Senator—I have got to exploit that a little bit further.

The CHAIRMAN. Now, you have to make a report here, according to your contract. Where is the report?

Mr. SAMISH. I have to make a what?

The CHAIRMAN. You have to make a report to the association or to the brewers, according to this contract.

Mr. SAMISH. Well, no. I think if you will read that contract, the only obligation on my part is to account for the \$2,500 per month or \$30,000 a year that I receive from them—all of which is reported on my income tax.

The CHAIRMAN. Anyway, are these all the books and records on this Crocker account that you have got, that you are going to bring in?

Mr. SAMISH. To my knowledge.

The CHAIRMAN. To your knowledge?

Mr. SAMISH. Yes.

The CHAIRMAN. I just want to call your attention to the fact that on page 5 of your contract, talking about "expenses":

then the same shall be paid by the said party of the second part——

Mr. RICE. That is the institute.

Mr. RICE. That is the Institute—

to the party of the first part by check, \* \* \*

Mr. RICE. Samish.

The CHAIRMAN. That is you, Mr. Samish.

\* \* \* and shall be reported to the parties of the third part.

That is the brewers.

There must be some report to comply with this contract to the brewers made by you, I take it.

Mr. SAMISH. No. That is the brewers' contract, Senator.

The CHAIRMAN. That is your contract, too.

Mr. SAMISH. Yes; but what I meant, if I may—may I get a copy of that contract or see it a minute.

The CHAIRMAN. No. I will tell you, we don't want to go into the contract at this time.

Mr. SAMISH. Let me just say this, please, Senator, in order to co-operate: Mr. Rice, you have not called to the Senator's attention that there are one or two other paragraphs in there which simply say that I have no authority without the approval of the board of directors, and finally it is approved by the board of directors of the Institute to make any expenditures.

Mr. RICE. You just finished telling that you called up on the telephone and told them what to do.

Mr. SAMISH. Yes. But it is up to them to make the decision.

The CHAIRMAN. Let's not get into the details now.

Mr. SAMISH. I account for the \$30,000 that I receive.

The CHAIRMAN. Now, we want to get Mr. Oscar Koehn. Is he the auditor or the bookkeeper for the Brewers' Institute?

Mr. SAMISH. He is an employee, as I understand.

The CHAIRMAN. Is Mr. Hamilton here today?

Mr. HAMILTON. Yes.

The CHAIRMAN. Who is your auditor or bookkeeper over there?



Mr. HAMILTON. We have no auditor as such. We have a bookkeeper, who is Mr. Oscar Koehn.

The CHAIRMAN. Can you get him or do we have to issue a subpoena for him?

Mr. HAMILTON. He is out of town. He told me yesterday morning that he would like to visit friends in Rio Vista and would be back in the office Monday morning.

The CHAIRMAN. Come around here, Mr. Hamilton.

**FURTHER TESTIMONY OF JAMES G. HAMILTON, SAN FRANCISCO, CALIF.**

The CHAIRMAN. So Mr. Koehn is not in town?

Mr. HAMILTON. I am sure he is not. I tried to reach him last night by telephone and again several times this morning.

The CHAIRMAN. Mr. Marshal, we will issue a subpoena for Mr. Koehn. And will you call and see if we can locate him and ask him to come up here.

Who keeps these check stubs, Mr. Hamilton? That is what I want to know.

Mr. HAMILTON. If anybody does it would be Mr. Koehn—if there are any.

The CHAIRMAN. "If there are any."

Mr. HAMILTON. I have no knowledge of that account whatsoever, sir.

The CHAIRMAN. You have no knowledge of it?

Mr. HAMILTON. I have no direction of Mr. Koehn. Whatever he has done on that, he does nothing at all under my direction.

The CHAIRMAN. You are one of the directors.

Mr. HAMILTON. I am not a director of the institute, sir.

The CHAIRMAN. Then what are you?

Mr. HAMILTON. I am the secretary.

The CHAIRMAN. Secretary of the institute. And you have no knowledge of this Crocker account at all?

Mr. HAMILTON. No, sir. Just know it exists.

The CHAIRMAN. You don't even know that it exists?

Mr. HAMILTON. I say that I just know that it does exist, as I testified yesterday.

The CHAIRMAN. Does Mr. Koehn work in your office?

Mr. HAMILTON. He works in my office, yes.

The CHAIRMAN. This is the strangest thing I ever saw.

How about Miss Ready? Is she out of town, Mr. Samish?

Mr. SAMISH. On vacation.

The CHAIRMAN. Where is she?

Mr. SAMISH. That I couldn't tell you, Senator. But she wouldn't know as much about that as I would.

The CHAIRMAN. Let's see if there is any possibility of locating Miss Ready.

And how about Miss Martinell?

Mr. SAMISH. Well, she don't know anything about that.

The CHAIRMAN. Where is Miss Martinell?

Mr. SAMISH. I couldn't tell you.

The CHAIRMAN. Does she live here in town?

Mr. SAMISH. Yes, sir; I guess so. That I don't know.

The CHAIRMAN. I dislike very much to bother the ladies, but they must know something about the matter. Let's see if we can locate Miss Martinell. And Mr. Baker——

Mr. RICE. I think probably Mr. Baker should be back.

He is one of the directors, is he not?

Mr. HAMILTON. Mr. Baker is a director. Yes, sir.

The CHAIRMAN. He is one of the ones who signs the checks?

Mr. HAMILTON. Yes.

The CHAIRMAN. Ask Mr. Baker to come back.

Mr. HAMILTON. I will try to locate him.

The CHAIRMAN. If you can't find him, get one of the other men who signed the checks.

Mr. RICE. Mr. Schuster and Mr. Goldie.

Mr. HAMILTON. I will see if I can locate them.

The CHAIRMAN. All right. That is all at this time.

We will have a 10-minute recess.

(Short recess.)

### FURTHER TESTIMONY OF HOLDEN SANFORD

The CHAIRMAN. Mr. Sanford.

Mr. Campbell, you have word from Washington about Mr. Sanford?

Mr. CAMPBELL. Yes; I would like to make a very brief statement, if I may, Senator.

The CHAIRMAN. All right, sir.

Mr. CAMPBELL. I received word early this morning that, in view of the attacks upon the personal integrity of Mr. Sanford by some of the witnesses who have preceded him on the stand and at Mr. Sanford's request and insistence that he be permitted to testify, the Under Secretary of the Treasury agrees that he should be permitted to testify and answer the testimony which has been given here concerning him.

I would also like at this time to correct a statement which was made yesterday. A message was delivered to me while I was appearing here, and I stated that the telegram which had been received from Washington had been reaffirmed by the "Secretary of the Treasury." The message to me should have been that it was reaffirmed by the Under Secretary of the Treasury.

The CHAIRMAN. You have reference as "Under Secretary of the Treasury" to whom?

Mr. CAMPBELL. Mr. Edward Foley.

The CHAIRMAN. Mr. Edward Foley.

Mr. Sanford, you have been put on the spot. Of course, technically you are in contempt of this committee. But I realize the pressure on one side you had and the pressure on the other. So we are going to allow you to testify. But I want to make it clear that, insofar as the Department is concerned and the special concession of Mr. Sanford to testify, we take, and shall maintain and must maintain, the position that a witness whom we want to give testimony before this committee is not going to be determined by whether the Department will let him give testimony or not. It is part of our constitutional right, and it must be asserted, and it will be asserted by this committee and by all other congressional committees, that we have a right to call and require anyone to testify regardless of what anybody in the executive department might say. We have our distinct function. And if any-

body has the apprehension that they can instruct somebody not to testify and that a congressional committee is going to recognize that instruction and not have him testify because of some order from the executive department, of course they are working under a mistaken assumption. That simply cannot be, and it will not be. So that any other witness of the executive department whom we want to testify out here, in the event the matter comes up, will be placed, I suppose, in exactly the same position that Mr. Sanford was. We are not recognizing the right of anybody in the executive department to say who can and who can't testify before this committee.

But in any event, Mr. Sanford, you heard the testimony yesterday and I felt that perhaps an injustice was done to you in that you did not testify yesterday afternoon. But now is your time. So you can make any explanation you want to. Tell the committee anything you want.

Mr. SANFORD. All right. I have a statement here I would like to—  
The CHAIRMAN. All right, sir.

Mr. SANFORD. A general statement I would like to read to you.

I have not seen the transcript of John Prunty's testimony, but the newspaper accounts of it certainly contain certain accusations and implications which simply are not true. I had absolutely nothing to do with his investment in any hotel or house of prostitution, if it was a house of prostitution, and did not even hear anything about it until December of 1950.

My duties as a special agent of the Intelligence Unit call for the investigation of tax fraud cases, with a view toward criminal prosecution if the evidence shows deliberate and intentional evasion of income taxes. In the course of my investigation of another taxpayer late in 1946 and early in 1947, I had frequent contact with John Prunty as a source of information. His own returns were under investigation by another branch of the Bureau at that time. But it appeared that he had made a voluntary disclosure and was preparing amended returns before commencement of the investigation. The Treasury Department has long had a publicly announced policy of not prosecuting taxpayers who make timely and voluntary disclosures. Prunty had had business dealings with a taxpayer that I was investigating and was personally acquainted with many of the witnesses whom I had to interview. In many instances the testimony of these witnesses was necessary to determine whether certain transactions were to be taxed to Prunty or to the man that I was investigating. Prunty had claimed this money was paid to the other man whom I was investigating. Prunty voluntarily accompanied me and the revenue agent who was checking Prunty's return to southern California, to interview some of these witnesses who were located in the vicinity of Indio and Palm Springs, and persuaded various witnesses to give us sworn testimony on the matter. While we were there we stayed at the Racquet Club, of which Prunty was a member. Since the club is a private one, the registration was made through Prunty. But I reimbursed him for my share, and I believe he stated that, and I believe the revenue agent did likewise.

Subsequently the same revenue agent and I made another trip to this same area for the same purpose, but this time we were accompanied by Prunty's accountant, Rex Blom. Blom had formerly been a special



agent, and during that period and since then our families have been good friends and have visited at each other's home. We belong to the same college fraternity. On this trip we again stayed at the Racquet Club, and I believe Blom paid most of the expenses of our stay there.

Because of the voluntary disclosure policy, Prunty's return was never assigned for investigation by me or my office. And any insinuation that I put pressure on him or granted him any favors is false.

During 1947 I was conducting an official investigation in Salinas. John Prunty called on me there, purely as a matter of friendly greeting, while I was working at the place of business of a Mrs. Schultz, who was then operating a hotel. It is quite possible that I introduced him to Mrs. Schultz, simply as a matter of courtesy. But if I did, it was a casual matter and I have no specific recollection of it.

Apparently he decided to make a joint investment with her, but I did not know of this and had nothing to do with it.

I first heard a few months ago of rumors that I had some connection with Prunty's dealing with Mrs. Schultz. I reported these rumors to the Intelligence Unit and requested a complete investigation of all my dealings with Prunty and of all of my official conduct. That investigation has since been made. It is my understanding that the sworn statements in that report clear me of improper conduct and that the report is fully available to the committee in closed session.

THE CHAIRMAN. Well now, Mr. Sanford, in 1947 you were investigating some internal revenue man—I believe he was in the collector's office—named Malloy. Is that correct?

MR. SANFORD. Yes, sir.

THE CHAIRMAN. And Mr. Malloy, it had been alleged, had had some negotiations relative to tax with Annie Schultz—this was brought out in our executive testimony—and then, after that time, had sent her a letter over a Government frank asking for three or four hundred dollars.

MR. SANFORD. That is roughly correct.

THE CHAIRMAN. Is that what you investigated?

MR. SANFORD. Yes.

THE CHAIRMAN. And Mr. Malloy has been disconnected from the service quite recently, has he?

MR. SANFORD. I have heard that. I don't know.

THE CHAIRMAN. Well, about 2 or 3 weeks ago, I understand.

MR. SANFORD. That may be.

THE CHAIRMAN. Do you know, Mr. Campbell?

MR. CAMPBELL. That is correct.

THE CHAIRMAN. And that is what you were investigating back in 1947?

MR. SANFORD. Yes, sir.

THE CHAIRMAN. Now, Mr. Prunty says that it was prearranged that he was going to come down to Salinas and that you were going to introduce him to Annie Schultz.

MR. SANFORD. No; that is not correct.

THE CHAIRMAN. You had been a friend, visited in his house, and you knew him quite well, hadn't you?

MR. SANFORD. Mr. Prunty?

THE CHAIRMAN. Yes.

MR. SANFORD. I knew him socially but I don't think that we visited.



The CHAIRMAN. And you had gotten acquainted with him when there was some tax case in connection with him relative to making alcohol out of wine, or something of that sort, hadn't you?

Mr. SANFORD. In connection with an Alcohol Tax Unit case; yes.

The CHAIRMAN. Out of figs or something of that sort.

Mr. SANFORD. Dates.

The CHAIRMAN. Dates. What is the usual designation of the Craig case. Is that the Craig case?

Mr. SANFORD. Well, I want to state and answer all the questions that I am asked.

Mr. CAMPBELL. You may proceed.

Mr. SANFORD. Yes; that was known as the Arvin Winery case.

The CHAIRMAN. And had that case been settled when you saw Mr. Prunty down at Salinas?

Mr. SANFORD. Now, I couldn't answer that. Because I am not absolutely sure that I introduced Mr. Prunty to Annie Schultz at all.

The CHAIRMAN. Well, anyway, was that the case that was finally settled by Mr. Blom?

Mr. SANFORD. The Arvin Winery case?

The CHAIRMAN. Yes.

Mr. SANFORD. No. Mr. Blom had nothing to do with the Arvin Winery case.

The CHAIRMAN. He had nothing to do with that case. Anyway, was that case out of the way in 1947?

Mr. SANFORD. I believe it was.

The CHAIRMAN. And you were down at Salinas investigating this matter about Malloy and Annie Schultz. Do you deny that you introduced Mr. Prunty to Annie Schultz?

Mr. SANFORD. No, sir; I don't. I first heard of this rumor concerning his investment in December of 1950; and when I first was asked about it, I thought that I had never introduced him to Annie Schultz. And I discussed it with Mrs. Sanford, and I recalled that sometime in '47 Mr. and Mrs. Prunty had had breakfast with us in Pacific Grove, which is where we were staying at the time, and I thought perhaps Mr. Prunty had then gone with me to the Salinas area, and I believe he has business in that area, and that he may have gone with me to Annie Schultz' hotel while I performed some work and waited for me. Then I was in doubt about that and I asked Mr. Prunty. I asked Mr. Prunty, and he told me that he had called Mrs. Sanford at Pacific Grove and had learned that I was at Annie Schultz' and had dropped by to see me and say "Hello" and talk. I understand—I'm not sure but I understand—that Annie Schultz states that I never introduced Mr. Prunty to her.

The CHAIRMAN. Then I suppose at some of these meetings that you had had—social meetings back in Fresno which you have been talking about—that you had told him about the fact that you were investigating Annie Schultz?

Mr. SANFORD. Well, I wasn't investigating Annie Schultz.

The CHAIRMAN. Well, I mean that you knew something about her case.

Mr. SANFORD. If I did so, I did so inadvertently.

The CHAIRMAN. And that maybe it would be a very profitable business that she was engaged in? The hotel business.

Mr. SANFORD. I don't recall stating that or so discussing that with him.

The CHAIRMAN. Can you think of any reason why Mr. Prunty would ever know Annie Schultz in the first place? Why would he say that you introduced him to her if you hadn't? You were very good friends, weren't you?

Mr. SANFORD. Well, I don't know that we were very good friends, but we were good friends.

The CHAIRMAN. Well, you were good enough friends to go on trips with him.

Mr. SANFORD. And, Senator, I may have introduced him to Annie Schultz.

The CHAIRMAN. You were good enough friends to go on trips with him, weren't you?

Mr. SANFORD. Yes.

The CHAIRMAN. And to get him to get you in at the Racquet Club from time to time?

Mr. SANFORD. Yes.

The CHAIRMAN. And how far is Salinas from Fresno?

Mr. SANFORD. That's about 150 miles.

The CHAIRMAN. Well, in your honest opinion don't you think that the information about Annie Schultz to Mr. Prunty came from you?

Mr. SANFORD. No, sir; I don't. I may have introduced him. That's—

The CHAIRMAN. I know. But don't you think that the preliminary interest that he apparently had of going into business with her was probably inspired by something that you had told him about her and her business and a quick way to make a few dollars?

Mr. SANFORD. Well—

The CHAIRMAN. Fifty percent on the money invested?

Mr. SANFORD. Well, I never said that. That I'm sure.

The CHAIRMAN. Well, let's leave that out. But how would he ever have had any information about Annie Schultz except that it came from you?

Mr. SANFORD. Well, it might have come from Annie Schultz.

The CHAIRMAN. Well, apparently he didn't know Annie Schultz until he came down to the hotel at the time that you were there.

Mr. SANFORD. Well, that's quite possible: that she talked to him at that time.

The CHAIRMAN. You were very friendly with him; you were investigating Malloy, who had done some business with her; and you were at Salinas, apparently; and he came down. Just putting it all together, it would appear that there must have been some conversation that you had had with him about her business and the possibility of an investment. You were down there. He came along and met her about that time while you were there. Wouldn't you think that that would probably be the case?

Mr. SANFORD. That's possible, but I don't think that I—I will put it this way: I never suggested an investment and I never said that there was "a big profit" or any percentage, and I certainly knew nothing about any investment or amount of investment—

The CHAIRMAN. Well, did you tell him—

Mr. SANFORD. Or suggested any investment.

The CHAIRMAN. Did you tell him what kind of business she was in?

Mr. SANFORD. If I did so—I may have, yes.

The CHAIRMAN. Well, is it your best recollection that you did?

Mr. SANFORD. Well, to my best recollection I don't know that I did.

The CHAIRMAN. You just don't remember?

Mr. SANFORD. Well, I don't like to say definitely that I did when I am not positive that I did.

The CHAIRMAN. Yes. Well, that's right. You did know something about the profits of her hotel business, didn't you, in connection with your investigation of Malloy?

Mr. SANFORD. No. That I had nothing to do with—absolutely never went into it. I don't know how much money she made. I had no connection with that case. Her case was closed at the time of the Malloy incident, to the best of my knowledge.

The CHAIRMAN. How much time did you spend investigating Malloy?

Mr. SANFORD. Oh, I'd say about a month.

The CHAIRMAN. And were you down at——

Mr. SANFORD. That was not at any—during 1-month period, but over a period of time.

The CHAIRMAN. Over a period of several months you put in about a month?

Mr. SANFORD. I would think so.

The CHAIRMAN. Did you interview her in connection with the Malloy case?

Mr. SANFORD. Yes.

The CHAIRMAN. Where did you interview her?

Mr. SANFORD. At her hotel.

The CHAIRMAN. Where did you stay when you went down to Salinas?

Mr. SANFORD. Generally I stayed in Pacific Grove in a private cottage owned by members of my family.

The CHAIRMAN. How large a town is Salinas?

Mr. SANFORD. Oh, I'm guessing. I'd say 15,000.

The CHAIRMAN. Did you ever stay at her hotel?

Mr. SANFORD. Never.

The CHAIRMAN. Mr. Prunty says that when you met there that day you went on to some other room to see about some other business or to do some other work. Would you remember that?

Mr. SANFORD. No; I don't recall going into another room.

The CHAIRMAN. Well, do you remember being there at the same time that he was?

Mr. SANFORD. I'm pretty sure—it's only a recollection. I'm pretty sure that he came, but I am not positive, to the hotel. And I didn't place enough importance to the incident at the time to recall what happened 5 years ago to the detail.

The CHAIRMAN. Well, I think you are trying to be fair about the matter, Mr. Sanford. But if you were in her hotel, you would have been there doing some work on the records in connection with Malloy; is that correct?

Mr. SANFORD. Yes.

The CHAIRMAN. That's the only business you had?

Mr. SANFORD. That and interviewing her and getting information generally.

The CHAIRMAN. I mean, there wasn't any tax case pending at that time? You were just interviewing her to find out what the deal was between Malloy and her; is that correct?

Mr. SANFORD. That's correct.

The CHAIRMAN. And in connection with that did you go into her business operations, how much money she had made, how much tax she had paid, and things of that sort?

Mr. SANFORD. No, sir; I didn't. That had been covered by a previous investigation.

The CHAIRMAN. Why would it take a month to establish the fact that Malloy sent her a letter and she had sent him some money back? That was pretty clear, wasn't it?

Mr. SANFORD. Well, the investigation involved considerable amount of work in all of Malloy's activities. And I wouldn't say that Mrs. Shultz was a willing witness, and, as investigators know, it is necessary to have contacts in order to get information. I am sure that I wasn't there at her place 30 times.

The CHAIRMAN. But would your best recollection be that you might have been there working on the case when he came in?

Mr. SANFORD. That's possible.

The CHAIRMAN. Well, would you say that that was likely?

Mr. SANFORD. No. I'd say that it's possible—particularly in view that I understand Annie Schultz claims that I never introduced her at all. And that was my first opinion when I heard about the matter.

The CHAIRMAN. You did give a statement, I think, that you were there at the time when the matter first came up; didn't you?

Mr. SANFORD. Well, I never gave a statement that that was the only possibility; no.

The CHAIRMAN. But that was your best recollection?

Mr. SANFORD. That's my best recollection.

The CHAIRMAN. Well, that's your best recollection now?

Mr. SANFORD. That's right.

The CHAIRMAN. Then approximately when was that, Mr. Sanford?

Mr. SANFORD. Well, that's another thing. I couldn't tell you what year.

The CHAIRMAN. That was in 1947; wasn't it?

Mr. SANFORD. I was working on the Malloy case in 1947. I have no idea what year Prunty is supposed to have made his investment.

The CHAIRMAN. Let's see. The check that has been put in the record would show the time that he made the investment.

Mr. ROBINSON. August 16, 1948.

The CHAIRMAN. What date?

Mr. ROBINSON. August 16, 1948.

The CHAIRMAN. It is August 16, 1948, that he gave the two people who owned the real estate a check for \$10,000, and his testimony was, I think, that he had this meeting with her and then the deal was closed shortly after that. So it must have been sometime in the earlier part or the middle summer of 1948 that you were there.

Mr. SANFORD. Well, then, I just don't know. Because I was working on the Malloy case in 1947. It seemed to me it would be more likely that I would have introduced him to Annie Schultz in 1947, if I introduced him to her at all.



The CHAIRMAN. Then about when did this next case, where Prunty made a voluntary disclosure, come up?

Mr. SANFORD. Well, that was in the early part of 1946.

The CHAIRMAN. 1946?

Mr. SANFORD. Yes.

The CHAIRMAN. And the situation there was that he owed about 16 or 17 thousand dollars in taxes which he just hadn't reported, and there was some discussion or dispute as to whether he had made a voluntary disclosure before the matter came to the attention of the internal revenue agents; is that correct?

Mr. SANFORD. I don't know that there was any dispute about it.

The CHAIRMAN. And that matter came to your attention in 1946?

Mr. SANFORD. It is my recollection that it was 1946.

The CHAIRMAN. It was actually turned over to—or the intelligence service came into the picture; didn't it?

Mr. SANFORD. Not formally. It was never assigned to me.

The CHAIRMAN. Whether it was assigned or not, it was a case that you had something to do with?

Mr. SANFORD. I had knowledge of it.

The CHAIRMAN. And they had consulted you as to whether it would be a case for prosecution—as to whether you would recommend prosecution?

Mr. SANFORD. No; I don't think that I was ever asked if I was going to recommend prosecution.

The CHAIRMAN. Well, you did spend some time on the voluntary disclosure case; is that correct?

Mr. SANFORD. No. I was investigating Craig and Prunty was furnishing information. In fact, that's how I happened to meet Prunty. It was through the alcohol——

The CHAIRMAN. You heard Mr. Blom and you know him, and you believe him; don't you?

Mr. SANFORD. Well, I am not responsible for what he says.

The CHAIRMAN. Anyway, he says that after he came into the picture, he owed about 16 or 17 thousand dollars; he worked over the books and then he finally got the matter settled with you.

Mr. SANFORD. Well, I don't think he settled it particularly with me; no.

The CHAIRMAN. Well, you were in on the discussion about the settlement?

Mr. SANFORD. I think he conferred mainly with Mr. Coe. Because in 1947 Mr. Coe was almost handling that case entirely at that time.

The CHAIRMAN. Mr. Coe was your assistant; wasn't he?

Mr. SANFORD. No; he was in a different branch of the Internal Revenue.

The CHAIRMAN. What branch was he in?

Mr. SANFORD. He was a revenue agent.

The CHAIRMAN. And you were chief of the Intelligence Service in Fresno?

Mr. SANFORD. I was in charge of the Fresno office.

The CHAIRMAN. But anyway you did come into the matter of the settlement of that case to some extent; is that correct?

Mr. SANFORD. Well, you would say a very minor extent. Because it was after the voluntary disclosure in 1946, why, it was a civil matter and the responsibility was the revenue agent's office.

The CHAIRMAN. Of course, there is always quite an argument in these voluntary disclosure cases as to whether the revenue agents or the Intelligence Service had some information about the matter before the disclosure is made; isn't there?

Mr. SANFORD. There is.

The CHAIRMAN. And that matter was discussed with you and a decision was reached that a disclosure was made before the agents knew anything about it; is that correct?

Mr. SANFORD. That's correct.

The CHAIRMAN. Then when was it that you made your first trip to Palm Springs?

Mr. SANFORD. It is my recollection that in connection with the investigation of Craig we made—we made a trip—Mr. Coe, the revenue agent, and I made a trip down there in the first part of January 1947.

The CHAIRMAN. What does the hotel bill show? Beginning January 5 and lasting through the 8th of 1947. That's when you and Prunty were all there together; wasn't it?

Mr. SANFORD. Yes.

The CHAIRMAN. Now, you say that was in connection with the Craig investigation?

Mr. SANFORD. Yes, sir; it was.

The CHAIRMAN. Craig was Prunty's partner; wasn't he?

Mr. SANFORD. No.

The CHAIRMAN. He wasn't in business with him in any way?

Mr. SANFORD. I don't believe so.

The CHAIRMAN. Anyway, at that time Prunty's voluntary disclosure case had not been settled? A settlement had not been made?

Mr. SANFORD. The case itself—the audit hadn't been completed and his case hadn't been closed; no.

The CHAIRMAN. Was this the time when Mr. Prunty paid the bill and you reimbursed him?

Mr. SANFORD. That's the trip.

The CHAIRMAN. When did you reimburse him?

Mr. SANFORD. Well, my recollection is that we reimbursed him down there, during the course of the trip.

The CHAIRMAN. How did you reimburse him?

Mr. SANFORD. I believe I gave him currency. I believe I had cashed a check down there for a small amount—I don't know, twenty-five, thirty-five dollars—and reimbursed him.

The CHAIRMAN. This bill here was something over \$200.

Mr. SANFORD. Well, that wasn't our expenses, then. Because Jim and I—Mr. Coe and I shared—shared a room, and so we split the room bill. It seems to me that we—that we paid him right—he went in and paid the bill and we reimbursed him.

The CHAIRMAN. Room 513 and room 256, apparently. Were there just two rooms or three rooms?

Mr. SANFORD. I am sure on that trip—as a matter of fact I don't think that—

The CHAIRMAN. No. There seems to have been—

Mr. SANFORD. That might have been Prunty's bill. But I'm sure that we had no expenses to that extent.

Mr. RICE. It appears that both Sanford and Coe occupied the same room inasmuch as the only room charge is for Sanford. Coe's only charge is the telephone calls. Prunty evidently—

The CHAIRMAN. That isn't a room charge. That is food charge.

Mr. RICE. Food charge; yes.

The CHAIRMAN. The rooms seem to be three \$26 rooms, as best I can make out.

Mr. RICE. 7th, 8th, and 9th.

The CHAIRMAN. I suppose that that is the total for the two rooms: \$26.

Anyway, what did you say you were going down there with Mr. Prunty for?

Mr. SANFORD. Mr. Prunty claimed that he had made arrangements on behalf of Mr. Craig to sell wine in that area, and the wine dealers paid him and he paid the money over to Craig. And I had previously gone down to that area to talk to these wine dealers in connection with the investigation of Mr. Craig, and they were, you might say, uncooperative. They refused to give me any information at all. They, you might say, "clammed up." So that we talked to Prunty again, and he said that—he offered to go down with us and talk to them and get them to give us the information. And on that trip, that's what we did. We went down there and obtained affidavits from these dealers. Mr. Coe was along at every one except one, I believe, over in Indio the last day. And that was the main reason.

The CHAIRMAN. And when was it that you made the next trip over to Palm Springs?

Mr. RICE. On that trip, was that during the week or on a week end?

Mr. SANFORD. That was during the week.

Mr. RICE. On weekdays?

Mr. SANFORD. Yes, sir.

Mr. RICE. Was Palm Springs within the area of your district, your office?

Mr. SANFORD. No; it wasn't. But I had permission, I believe, to the best of my recollection, to go down there.

Mr. RICE. From whom would you obtain the permission?

Mr. SANFORD. The special agent in charge.

Mr. RICE. And who is he?

Mr. SANFORD. Well, he was Mr. Read.

The CHAIRMAN. Did you call him up and get permission?

Mr. SANFORD. I believe I wrote. I may have called.

The CHAIRMAN. Where did you meet Mr. Prunty and Mr. Coe? Did you meet them in Los Angeles?

Mr. SANFORD. On that trip?

The CHAIRMAN. Yes.

Mr. SANFORD. I believe that Mr. Coe and I drove down from Fresno and met Mr. Prunty in Los Angeles.

The CHAIRMAN. Whose car was it that you went over with?

Mr. SANFORD. Mr. Prunty's car.

The CHAIRMAN. And you knew before he was going to be there; did you?

Mr. SANFORD. It was prearranged. Because he had offered to help us get that information. We probably never would have got it otherwise.

The CHAIRMAN. Doesn't the Government furnish you transportation on these trips?



Mr. SANFORD. Well, in your own car. But from a practical matter it was much to the interest of the Government to go in his car.

The CHAIRMAN. Did you have one car or two cars?

Mr. SANFORD. I had my own car down there.

The CHAIRMAN. In Los Angeles?

Mr. SANFORD. In Los Angeles.

The CHAIRMAN. You didn't take your own car?

Mr. SANFORD. No.

The CHAIRMAN. Now, Mr. Sanford, what do you think about going out on a trip like that with a fellow whom you have under investigation or have some tax matter with at that time?

Mr. SANFORD. Well——

The CHAIRMAN. As a matter of policy.

Mr. SANFORD. As a matter of policy, on that trip it was to the best interests of the Government. We never would have got the information otherwise. And as far as using his car, mine was a 1937, I believe, Plymouth coupe. And for the three of us to go in that car wasn't practical, and we made it a lot faster in his car.

The CHAIRMAN. Did you make it possible to pay Mr. Prunty for his trouble? I mean, he was just going over there as an accommodation for you, I take it.

Mr. SANFORD. Well, he was assisting us.

The CHAIRMAN. Did you get permission to get somebody to assist you?

Mr. SANFORD. Well, we wouldn't have to get permission.

The CHAIRMAN. Would you feel that the Government ought to reimburse a man who was doing a service for the Government?

Mr. SANFORD. Well, they might have; yes.

The CHAIRMAN. But instead of that, you let him catch the whole check and use his car?

Mr. SANFORD. Well, at that time we might have had some difficulty in obtaining reimbursement for him; I don't know.

The CHAIRMAN. Did you ever ask for reimbursement?

Mr. SANFORD. No, sir.

The CHAIRMAN. But doesn't it seem strange that a man doing something for you would take off 4 days, furnish transportation, get you in at a club that he was a member of and, at least originally, catch the check—and a rather expensive check too—when he is doing something for the Government?

Mr. SANFORD. His auto expenses, I don't know how heavy they were. But I can see where a man might do that.

The CHAIRMAN. What is your allowance per day expense over there? I mean, what does the Government allow you?

Mr. SANFORD. It's 7 cents a mile and \$8 a day.

The CHAIRMAN. Your room cost \$16.50 a day over there that you had.

Mr. SANFORD. Well, Jim Coe and I split that.

Mr. RICE. No. He got another room on this trip. This one, he paid \$26 a day.

The CHAIRMAN. There is one room, which was \$16.50, and then it got to be \$26. Here is another room, No. 26, which is Jim Coe's, which was \$15. Your room, No. 27, was \$16.50.

Mr. SANFORD. Well, I may be wrong on that, but my recollection is we——



The CHAIRMAN. You were on an \$8-a-day allowance and spending \$16.50 for a room.

Mr. SANFORD. Well——

The CHAIRMAN. Anyway, you didn't reimburse Mr. Prunty?

Mr. SANFORD. Oh, I did reimburse Mr. Prunty for what I——

The CHAIRMAN. I mean, you didn't try to get him any money back for doing all this service to the Government?

Mr. SANFORD. For his travel; no. I think I bought some gas at one time, but that wouldn't——

The CHAIRMAN. What do you think he would expect of you with his tax case, imposing on his friendship like that?

Mr. SANFORD. Of course he was claiming that this money was paid to Craig and I suppose he was interested in assisting us in getting the information to prove that Craig had received it.

The CHAIRMAN. But he was involved in this Craig case, wasn't he? In this wine company case?

Mr. SANFORD. Mainly as an informer.

The CHAIRMAN. I know. He had to pay something. Some of the burden was on him in that case too, wasn't it?

Mr. SANFORD. No. He never had to pay anything in that case.

The CHAIRMAN. I mean, he was being charged with something. He came into the wine case as one of the parties who, it was alleged, owed money.

Mr. SANFORD. I don't understand that. There was no charge——official charge——made against Mr. Prunty to my knowledge.

The CHAIRMAN. Well, he figured in the Craig case.

Mr. SANFORD. He figured in the Craig case because he had sold them dates and, maybe earlier, figs—I'm not sure.

The CHAIRMAN. And he had sold the figs out of which the alcohol was made?

Mr. SANFORD. That's right.

The CHAIRMAN. And so that it was alleged that he was part of a conspiracy and owed the Government considerable tax money?

Mr. SANFORD. No; I don't think it was ever alleged that he was part of the conspiracy, sir.

The CHAIRMAN. Anyway, it was alleged that he was a part of the operation out of which money was owed to the Government?

Mr. SANFORD. Not in connection with the Alcohol Tax Unit case; no. I may be wrong, but I don't believe so.

Mr. RICE. In connection with the Arvin Winery deal, is it a correct statement to say that the allegation in connection with the Craig-Prunty operation was this: That Craig was a bonded wine merchant, was he not?

Mr. SANFORD. I don't know that. I believe he was.

Mr. RICE. You were investigating the proposition, weren't you?

Mr. SANFORD. I was investigating his records. As to whether he was a bonded merchant, I don't know.

Mr. RICE. Bonded merchant of a winery?

Mr. SANFORD. Yes; I believe he was.

Mr. RICE. And Prunty was a broker; is that right?

Mr. SANFORD. Wine broker? I don't know that. He may have been.

Mr. RICE. In any event, he had some privity in dealing with Craig in connection with this wine?

Mr. SANFORD. Yes; he had dealings with him.

Mr. RICE. And there were allegations that the product had been made available to certain liquor dealers for over-the-ceiling prices?

Mr. SANFORD. That's right.

Mr. RICE. And that there was this override that these dealers had had to pay which was what was not reported; is that right?

Mr. SANFORD. That's right.

Mr. RICE. Now, in connection with this override, it was a question of whether it would be up to Craig to pay it or Prunty to pay it; isn't that right?

Mr. SANFORD. Well, the first time we ever heard about it, we wouldn't have heard about it, if Prunty hadn't told us about it. And then it became a question of who was to pay it; yes.

Mr. RICE. So then there was a conflict between Prunty and Craig?

Mr. SANFORD. That's right.

Mr. RICE. And if Prunty could succeed in convincing you fellows that Craig was responsible, Craig would have to pay; and if the shoe was on the other foot, Prunty would have to pay?

Mr. SANFORD. That's it.

Mr. RICE. Isn't that right?

Mr. SANFORD. Yes, sir.

Mr. RICE. And, as a matter of fact, didn't you go down to see these liquor dealers down in Palm Springs, or wherever it was, in order to get statements from them that it was Craig with whom they made the deal and not Prunty?

Mr. SANFORD. No. We went down to establish the facts. Our idea was to find out who received the money. Prunty had said Craig received it. Now, the money went through Prunty's hands. Prunty had told us that, and those are—that's what the affidavits said—that the dealers paid the trucker and the trucker then turned the money to somebody else, and Prunty got hold of it, and Prunty claimed that he paid it to Mr. Craig.

Mr. RICE. So that you were down there, then, to support Prunty's story; isn't that right?

Mr. SANFORD. Well, that's not accurate, sir, I don't think, because our investigation and what we had learned, we had had other information that Mr. Craig had been selling things at overceiling prices that came, not specifically, but came from a source. And we believed—I believed that Mr. Craig had received it.

Mr. RICE. Let's put it this way, then: If these dealers said what Prunty told you to be true, it wouldn't hurt Prunty any, would it?

Mr. SANFORD. That's right.

Mr. RICE. And Blom went down with you on that occasion too, didn't he?

Mr. SANFORD. Not on that trip.

Mr. RICE. That was another trip?

Mr. SANFORD. Yes.

Mr. RICE. And what was the reason for that?

Mr. SANFORD. The second trip down there with Mr. Blom?

Mr. RICE. Yes.

Mr. SANFORD. And Mr. Coe?

Mr. RICE. How did Blom get in the picture? He is a friend of yours, is he not, or was a friend?

Mr. SANFORD. That's right.

Mr. RICE. And was he in Internal Revenue?

Mr. SANFORD. He was a former special agent.

Mr. RICE. And was he acquainted with you while he was a special agent?

Mr. SANFORD. Yes.

Mr. RICE. In the same office?

Mr. SANFORD. Yes.

Mr. RICE. And he dropped out into private practice, as he testified yesterday?

Mr. SANFORD. Yes.

Mr. RICE. Is that right?

Mr. SANFORD. That's right.

Mr. RICE. And there came a time when Prunty had tax difficulties and he obtained the services of Rex Blom?

Mr. SANFORD. That's right, sir.

Mr. RICE. A former agent. Now, there came a time after that when Blom and you and Coe went to Palm Springs again, didn't there?

Mr. SANFORD. That's right.

Mr. RICE. Did Prunty go along that time?

Mr. SANFORD. No; he didn't.

Mr. RICE. What was that in connection with?

Mr. SANFORD. Well, that was to interview date growers and do some other work in the Craig matter, and partly social.

Mr. RICE. Again along the same line as the first trip?

Mr. SANFORD. Yes.

Mr. RICE. Was that the trip of the 16th and 17th of January 1947?

Mr. SANFORD. That would be about it.

Mr. RICE. Is that the trip?

Mr. SANFORD. Yes.

Mr. RICE. As a matter of fact that was over a weekend, wasn't it?

Mr. SANFORD. No; I don't think so.

Mr. RICE. That was during a week, too?

Mr. SANFORD. Yes.

Mr. RICE. All right, sir. Then you interviewed further wine merchants at that time; is that right?

Mr. SANFORD. Well, I think I stopped and picked up a check on the way out. And the idea of interviewing date growers out there around Indio, I don't think we interviewed—

Mr. RICE. When Blom went down, did he have any substantial cash money with him?

Mr. SANFORD. That I don't know.

Mr. RICE. Did you see his bankroll?

Mr. SANFORD. No; I didn't.

Mr. RICE. I think he testified here yesterday that he had \$4,000 cash when he got there.

Mr. SANFORD. Maybe he did. I don't know.

Mr. RICE. And that he went to a gaming place and tried his luck and felt lucky that day. Weren't you with him?

Mr. SANFORD. No; I didn't go with him to the gambling joint. Mr. Coe and I met him there later.

Mr. RICE. Met him at the joint?

Mr. SANFORD. Well, the gambling place; yes.

Mr. RICE. And didn't he flash his roll? Didn't he tell you that he was lucky?

Mr. SANFORD. He said that he had won around a thousand dollars, as I recall.

Mr. RICE. He won around a thousand dollars?

Mr. SANFORD. Yes.

Mr. RICE. Did he pick up the check then for that trip?

Mr. SANFORD. Yes. Mr. Blom paid for the expenses at the Racquet Club on that trip. I cashed a check during that period and used it to pay some expenses. What it was I don't know. But he paid the bill at the Racquet Club. However, that wasn't, I think, under the circumstances particularly unusual. Because Rex has stayed at my house many times and we stayed at his. He had won, I believe, all in total, some twelve hundred dollars, he said. I never counted the money. And he was very flush. And being a good friend after having won twelve hundred dollars—

Mr. RICE. And just received a fee of \$4,000?

Mr. SANFORD. Well, at the time I didn't know that it was a fee of \$4,000.

The CHAIRMAN. How much did you think it was?

Mr. SANFORD. I didn't know how much the fee was at that time. I learned later that it was \$4,000.

The CHAIRMAN. Well, you knew that he had gotten a fee when you went over there with him? You knew Prunty had paid him something, did you?

Mr. SANFORD. Yes. Well, I wasn't sure of that. I expected as much. He talked about it.

Mr. RICE. And you knew that he was representing Prunty?

Mr. SANFORD. I knew that he was representing Prunty.

Mr. RICE. And you were representing the Government at that time?

Mr. SANFORD. Uh-huh [affirmative]. Well, perhaps, on the face of it and the way it looks now, I made a mistake in allowing him to pay the bill. But under the conditions, the fact that I think any two friends, and one fellow had won that much money, and under those circumstances you would have thought nothing about having him pay the bill.

Mr. RICE. All right, sir. Now then, it was a further trip, I think on March 17, when Prunty and Sanford were down—

The CHAIRMAN. About this trip in January, though, the latter part of January. It seems to me that the Prunty case must have been getting pretty "hot" by that time if he had paid this man Blom \$4,000 to represent him.

Mr. SANFORD. Well—

The CHAIRMAN. That was on the voluntary disclosure case, wasn't it?

Mr. SANFORD. That's right.

The CHAIRMAN. And why would you take Blom along over to Palm Springs?

Mr. SANFORD. Well, of course I didn't "take Blom along". It sort of happened that way. He was on his way to Las Vegas to open an accounting office, as I understood.



The CHAIRMAN. Did he take you in his car?

Mr. SANFORD. No. I went in my own car and he went in his car.

The CHAIRMAN. And whose car did Coe go in?

Mr. SANFORD. Coe went in Blom's car.

The CHAIRMAN. And you met him at Los Angeles and it just happened that you went on over to Palm Springs?

Mr. SANFORD. Well, as far as Blom going with us to Palm Springs, it hadn't been planned in advance.

The CHAIRMAN. Just you and Coe were going to Palm Springs to investigate these date growers?

Mr. SANFORD. Well, we had planned to work in that area, yes.

The CHAIRMAN. And Blom just happened to come along?

Mr. SANFORD. Well, that's—He thought it was a good idea at that time. I don't know whether he had ever been to Palm Springs. But that was about it.

The CHAIRMAN. Did he go on to Las Vegas after he left you at Palm Springs?

Mr. SANFORD. As far as I know. That is where he said he was going.

The CHAIRMAN. Did you call Mr. Prunty and ask for use of the Racquet Club, for your reservation to stay there?

Mr. SANFORD. Yes, sir. The night before we left, why, we called Mr. Prunty and asked if we could stay there.

The CHAIRMAN. Who is "we"? You and who else?

Mr. SANFORD. I believe Mr. Coe and Mr. Blom and I were either in one of our rooms when we called.

The CHAIRMAN. In Los Angeles?

Mr. SANFORD. In Los Angeles.

The CHAIRMAN. And then he called down and made the arrangements?

Mr. SANFORD. I presume so; yes.

The CHAIRMAN. Did Mr. Blom help you with the interviewing of the date growers down at Palm Springs?

Mr. SANFORD. No, no. He wasn't with me.

The CHAIRMAN. Did you ride with him over to Palm Springs?

Mr. SANFORD. No; I didn't

The CHAIRMAN. What did he say about having been retained by Mr. Prunty?

Mr. SANFORD. Well, not too much—except that he was working as his tax consultant. I understood that he was to audit his books also. Now, I understand—I don't know whether he did or not, but that was my understanding—that he was to audit the books. And my further recollection was that he was to keep his books afterwards.

The CHAIRMAN. I think Mr. Blom said that he went up and reconstructed his books and got up a set of books for him.

Mr. SANFORD. Well, that may be. I never audited Mr. Prunty's books.

The CHAIRMAN. Then how long was it after this trip down to Palm Springs with Mr. Blom that Mr. Prunty's case was settled?

Mr. SANFORD. Well, Mr. Coe closed the case sometime before he left the service. I don't know exactly when he wrote his report.

The CHAIRMAN. About when was that?

Mr. SANFORD. He left the service I believe around the end of June of 1947.

The CHAIRMAN. Isn't it customary, Mr. Sanford, to charge fraud penalty on these voluntary disclosure cases?

Mr. SANFORD. If there is sufficient intent of evasion of tax, why, that's possible.

The CHAIRMAN. The rule, I have always understood, was that where anyone failed to report their income and if before you started investigating they came in with a voluntary disclosure, not to prosecute them criminally but to charge them the interest and the fraud penalty.

Mr. SANFORD. Well, if there is sufficient evidence and reason to believe that they were intending to defraud, why, that is often done.

The CHAIRMAN. There wasn't any question about that matter. Even his accountant, Mr. Blom, said he just intentionally failed to report his income tax. That is fraud on the face of it, isn't it?

Mr. SANFORD. If he intentionally did. But I don't think that he did.

The CHAIRMAN. You just don't think he intentionally did?

Mr. SANFORD. No, sir.

The CHAIRMAN. Did Mr. Prunty persuade you that way on these trips?

Mr. SANFORD. No, he didn't persuade me that way.

The CHAIRMAN. What brought you to the conclusion that anybody (he doesn't look like such a big businessman to me) who failed to report 16 or 17 thousand dollars just did it inadvertently? I mean, failed to inadvertently. What brought you to that conclusion?

Mr. SANFORD. Well, the thing is: we were never able to prove that Mr. Prunty kept that over-ceiling money from the liquor dealers, and we were never able to prove that Mr. Craig got it. So we charged it—Mr. Coe, I understand—I wasn't sure until later. Mr. Coe taxed Mr. Prunty with that amount.

The CHAIRMAN. Well, Mr. Prunty came in and acknowledged that he failed to show 16 or 17 thousand dollars, filed a voluntary disclosure.

Mr. SANFORD. Well, I don't recall exactly what his reason was.

The CHAIRMAN. Did you make the decision not to charge him the fraud penalty?

Mr. SANFORD. No. Actually the revenue agent's office has the right of charging the fraud penalty. I think Mr. Coe and I discussed it and decided there was no fraud involved.

The CHAIRMAN. Mr. Coe. Who is Mr. Coe's superior?

Mr. SANFORD. Mr. Harless in San Francisco. And the case was reviewed in San Francisco and apparently they didn't think fraud was involved. They had all of the information.

The CHAIRMAN. Well, generally, of course, the higher offices go by the recommendation of the agents in the field.

All right, Mr. Rice.

Mr. RICE. There was about a \$16,000 voluntary disclosure, you say?

The CHAIRMAN. That is what the testimony was yesterday.

Mr. SANFORD. I believe that was about it.

Mr. RICE. What would the tax on that be, approximately?

Mr. SANFORD. Back there in—that's for the year 1943 or 1944. I don't know. Probably it would be three or four thousand dollars. I'm not sure.

Mr. RICE. It would be around three or four thousand dollars; is that right?

Mr. SANFORD. Yes.

Mr. RICE. Why would he hire Blom, then, at \$4,000 when his penalty was only four?

Mr. SANFORD. Well, that I don't know. Of course, it is not unusual for men to hire high-priced tax consultants in tax cases.

The CHAIRMAN. I believe we are wrong with this whole matter. I think the tax he paid was 16 or 17 thousand dollars.

Mr. RICE. No.

Mr. SANFORD. Well, that may be.

The CHAIRMAN. No. I think that that is right. So the income must have been a great deal more. I think that's right. Anyway, the principle is the same.

Mr. RICE. And there was one last trip down there on the 17th of March 1947 when Sanford and Prunty were registered at the Raquet Club at the same time. Is that correct?

Mr. SANFORD. Yes.

The CHAIRMAN. Were you there that time?

Mr. SANFORD. Both Mrs. Sanford and I were there at that time. We hadn't had a vacation together for some 4 or 5 years and she had never been to Palm Springs, and I think we went down there for 2 days. And I paid every penny of my own expense on that trip.

The CHAIRMAN. You and your wife and Mr. Prunty and his wife?

Mr. SANFORD. Yes.

The CHAIRMAN. And who else?

Mr. SANFORD. On that trip I'm quite sure that's all.

The CHAIRMAN. How long did you stay on that trip?

Mr. SANFORD. I believe 2 days. Maybe 3, but I think 2 days.

The CHAIRMAN. You drove down from Fresno?

Mr. SANFORD. Yes.

The CHAIRMAN. Via Los Angeles?

Mr. SANFORD. I don't think so.

Mr. RICE. How did you happen to get together with Prunty on that trip? Was that a coincidence or did he make the arrangements?

Mr. SANFORD. No, I don't think it was a coincidence.

Mr. RICE. It was necessary for him to make the arrangements, wasn't it?

Mr. SANFORD. Yes.

The CHAIRMAN. Did you drive down in the same automobile?

Mr. SANFORD. I believe we did.

The CHAIRMAN. So it was just the week-end trip that you and Mr. Prunty took your wives on?

Mr. SANFORD. That's right.

The CHAIRMAN. Anything else?

Mr. SANFORD. I am informed by Mrs. Sanford that we took our car, but I don't know whether we did or not.

The CHAIRMAN. We will say you took your own car.

Is that right, Mrs. Sanford?

Mrs. SANFORD (nodding affirmatively).

The CHAIRMAN. But did Mr. and Mrs. Prunty go in your car with you?

Mr. SANFORD. No.

The CHAIRMAN. How about that, Mrs. Sanford?

Mrs. SANFORD. No. We were both in our own cars. They stayed longer than we did.

The CHAIRMAN. All right. That is all. Thank you, Mr. Sanford. Thank you, Mr. Campbell.

Mr. Krause, will you come around.

Where is Mr. Krause?

All right. Is Mr. Krause here? Let's have him come around.

(No response.)

Mr. RICE. Is Mr. Krause not here?

(No response.)

The CHAIRMAN. I understand Mr. Bucher wants to testify now.

Mr. Bucher, do you want to testify without any propositions or any limitations?

Mr. BUCHER. Yes.

The CHAIRMAN. Sir?

Mr. BUCHER. Without any limitation, except as to any confidential relationship that might exist.

#### FURTHER TESTIMONY OF CARROLL S. BUCHER, SAN FRANCISCO, CALIF.

The CHAIRMAN. You just tell us what you want to tell us, and you will be the judge of that. Have you been sworn, Mr. Bucher?

Mr. BUCHER. Yes. I was sworn yesterday.

The CHAIRMAN. All right. You are the attorney for Mrs. Jenkins and you know something about this Consolidated Copper matter and Mr. Hartmann's part in it. Now, you tell us what you think you can tell us about it, Mr. Bucher. But let me make it plain, of course, there is no obligation and no understanding. In other words, we are not going to do anything for you and you are not asking us to.

Mr. BUCHER. That's correct.

The CHAIRMAN. All right.

Mr. BUCHER. Mrs. Jenkins has been my client I think now for about 4 years, with the exception of a brief period in the latter part of 1947 approximately. After she went to Tehachapi, and I would say about, oh, possibly a week or 10 days, Mr. Hartmann came to my office—unannounced.

The CHAIRMAN. This was after she was incarcerated on some State charge; is that correct?

Mr. BUCHER. That's correct.

The CHAIRMAN. All right.

Mr. BUCHER. And he told me that he—I think on the first occasion he came to me he said he was well acquainted with certain individuals in the Bureau of Internal Revenue and that he thought he could accomplish a lot for Mrs. Jenkins if she would allow him to.

Now, it is my recollection, Senator, that nothing was said about money on that first visit.

There was no appointment made for any later conference, and about a week or 10 days later he came back to my office and repeated what he had said before, that if he was given the opportunity he could accomplish a great deal for her in regard to her tax liabilities. Because she was then and had been under investigation. At that time he said to me that for \$5,000 he could reduce her tax liability from



approximately \$50,000 to about seven or eight thousand and could insure her against any criminal prosecution.

I told him I wasn't interested in purchasing immunity in that manner and that she didn't have that kind of money to pay out. Now, I think that was on the second occasion of his trip to my office.

Thereafter he came back, possibly a week or 10 days later, and I think that in all he made about five or six visits to me. On each occasion he told me of different instances that he had aided others. And finally, about the last conversation I had with him, he said that she had already paid some money to others and didn't accomplish anything for it.

And at that time I communicated direct with Mr. Burkett, who had been investigating her case. I called——

Mr. RICE. Mr. Burkett is who?

Mr. BUCHER. Mr. Burkett was then the investigator for the Penal Division of the Bureau of Internal Revenue.

Mr. RICE. Yes. Go ahead.

Mr. BUCHER. I phoned Mr. Burkett. I wanted to see him. We made an appointment. I went to his office. And I told Mr. Burkett just what happened, and I said: "There is a man by the name of Hartmann who has been in to see me who has demanded money of me and claims that he can secure protection through the Bureau of Internal Revenue."

Mr. Burkett said, "I would like to make an investigation of the matter."

And he and I had three or four conferences thereafter. One conference was in the office of Mr. Campbell, with Mr. Burkett.

Thereafter, and I think it was some months thereafter, Mr. Burkett asked me if I would aid the Government in securing additional information and if I would object to communicating with Mr. Hartmann for an interview and for a wire recording of the conversation—which was done and which I did.

Now, briefly, there is my statement, Senator.

The CHAIRMAN. Mr. Bucher, on one of the occasions before the wire recording was made, Mr. Hartmann, I believe, did mention the name of "Pat" but you didn't.

Mr. BUCHER. I didn't know who "Pat" was.

The CHAIRMAN. "Was?"

Mr. BUCHER. That is correct.

The CHAIRMAN. And that was in connection with the money that had been paid?

Mr. BUCHER. I knew nothing about the money that had been paid.

The CHAIRMAN. Anyway, he mentioned "Pat"?

Mr. BUCHER. That is true.

The CHAIRMAN. But you didn't know what "Pat" he was talking about?

Mr. BUCHER. That is correct.

The CHAIRMAN. And then in the wire recording he identified who "Pat" was in the later conversation?

Mr. BUCHER. Yes.

The CHAIRMAN. Did he say whom he operated through in cases to get fixed through the Bureau of Internal Revenue or just how he did it?

Mr. BUCHER. He didn't tell me how he did it. He told me that he had a very close friend in the Bureau of Internal Revenue by the name of Mike Schino. I never met Mr. Schino. I don't know him to this day. He said—he never told me that he ever paid Mr. Schino any money or that he would pay him any money, but that he and Mr. Schino were very, very friendly and Mr. Schino, he believed, could accomplish certain things for Mrs. Jenkins.

The CHAIRMAN. Now another thing. On these two times when he came in when the wire recordings were made, did he appear to be inebriated so that he didn't know what he was talking about?

Mr. BUCHER. Oh, he wasn't at all intoxicated on either occasion.

The CHAIRMAN. Did you ever know that he had been drinking?

Mr. BUCHER. No.

The CHAIRMAN. He seemed to be perfectly sane and sober?

Mr. BUCHER. Just as sober as you and I. [Laughter.]

The CHAIRMAN. Well, I——

Mr. BUCHER. I don't mean it that way. No; I don't mean to be facetious. I didn't mean it that way.

The CHAIRMAN. Well, you can speak for yourself, John.

Anyway, "as sober as you and I," you didn't notice anything very much wrong with him?

Mr. BUCHER. Nothing wrong.

The CHAIRMAN. All right.

Mr. RICE. Was anything said about "taking a nap"?

Mr. BUCHER. I never heard that before until his testimony this morning. There was nothing said about "a nap."

Mr. RICE. What were the mechanics of the arrangement that he was to go through? Was anything said about the stock deal?

Mr. BUCHER. No, no. Hartmann never told me anything about the purchase of any stock. Hartmann merely said to me—and I believe I am not violating any professional confidential relationship when I tell you this, and this is in the wire recording, I believe; if it is not, it was in one of the other conversations. Hartmann said to me: "Why, she paid \$5,000 to 'Pat' and didn't get anything for it."

Now, that was all that was said. And I never knew anything about the purchase of mining stock until way later.

The CHAIRMAN. Well, he later in the wire recording identified who "Pat" was?

Mr. BUCHER. Yes, yes.

The CHAIRMAN. What was this \$5,000? Who was going to pay it? Did he want you to get the \$5,000 from Mrs. Jenkins?

Mr. BUCHER. That's correct.

Mr. RICE. Was he aggravated because the money had been paid but not through his hands?

Mr. BUCHER. Evidently so, Mr. Rice. Yes.

Mr. RICE. Did you get the impression from him that Mrs. Jenkins had bypassed Hartmann and gone to the person who could take care of the case?

Mr. BUCHER. From what he related to me, that was my impression.

The CHAIRMAN. And he wanted another \$5,000?

Mr. BUCHER. That is correct.

The CHAIRMAN. Well, you were trying to cooperate with the Government and I think you did the Government a service in trying to

help them uncover what was going on in the Internal Revenue Department—for which we should thank you.

Mr. BUCHER. Thank you, sir.

The CHAIRMAN. And I don't think that you have said anything here that has anything to do with Mrs. Jenkins' case, that you have breached any professional confidence.

Mr. BUCHER. I don't think so.

The CHAIRMAN. Well, we appreciate your cooperation. We are glad to get this straightened out.

Mr. RICE. By the way, Mr. Bucher, where was venue in the tax case?

Mr. BUCHER. San Francisco.

Mr. RICE. In the San Francisco area?

Mr. BUCHER. Oh, yes.

Mr. RICE. Rather than in the Nevada area?

Mr. BUCHER. Oh, yes.

Mr. RICE. Was anything said of the relationship between "Pat and Mike"?

Mr. BUCHER. Mr. Rice, I don't remember.

The CHAIRMAN. Well, it is in the recording. There was something said about it.

Mr. BUCHER. Was there? Then that's correct. Then there was. But I don't remember that without the recording.

Mr. RICE. Yes. If it is in there it's correct?

Mr. BUCHER. It's correct, yes.

The CHAIRMAN. I had forgotten. I had promised Mr. Palmer from Los Angeles that I would put him on today.

Mr. Palmer, do you mind being here a little while this afternoon? Or what is your convenience in the matter?

Mr. PALMER. I will suit my convenience to yours, Senator.

The CHAIRMAN. I think we wanted to recess about 12:30 and I believe your testimony might take a few minutes after that. Did you have arrangements to get back this afternoon?

Mr. PALMER. I would like to get back, if possible.

The CHAIRMAN. Well, suppose you come around now and we will have you testify.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PALMER. I do.

#### TESTIMONY OF C. H. PALMER, COUNSEL FOR THE ALFRED HART DISTILLERIES, INC., LOS ANGELES, CALIF.

The CHAIRMAN. Mr. Palmer, what are your initials?

Mr. PALMER. C. H.

The CHAIRMAN. And you are an attorney-at-law in Los Angeles?

Mr. PALMER. Yes.

The CHAIRMAN. What is your firm?

Mr. PALMER. The Alfred Hart Distilleries, Inc., a corporation by which I am employed under contract.

The CHAIRMAN. And you are an officer and attorney for the corporation?

Mr. PALMER. Yes.

The CHAIRMAN. That is Alfred Hart Distilleries, Inc. Is that correct?

Mr. PALMER. That's correct, sir.

The CHAIRMAN. The main franchise is importer, rectifier, and what not. You do not have a distillery business in California?

Mr. PALMER. We do not have.

The CHAIRMAN. Now, does Alfred Hart Distilleries have a number of wholesale distribution businesses?

Mr. PALMER. Yes. There are four businesses—wholesale businesses.

The CHAIRMAN. Will you name them?

Mr. PALMER. San Diego, Santa Barbara, San Bernardino, and Los Angeles are the points in which the businesses operate.

The CHAIRMAN. I have had a hard time pronouncing San Bernardino.

Mr. PALMER. You have a little difficulty with some of our fine Spanish names.

The CHAIRMAN. Counsel confused me about the name. You have San Diego, Los Angeles—and where else?

Mr. PALMER. Santa Barbara.

The CHAIRMAN. Alfred Hart Distilleries is one of the largest wholesale distribution companies in the State of California?

Mr. PALMER. Yes; it is, Senator.

The CHAIRMAN. That is correct. In southern California, do you have an association, Southern California Spirits Foundation? Is that the name of it?

Mr. PALMER. Yes; it is.

The CHAIRMAN. Is that an association of wholesale distributors?

Mr. PALMER. It is.

The CHAIRMAN. And will you tell how that works in southern California, Mr. Palmer. You are very active in it and you know all about it.

Mr. PALMER. Yes. I have attended the meetings for the past 7 or 8 years regularly.

The CHAIRMAN. Yes, sir.

Mr. PALMER. The association is a trade association dealing with all the problems that wholesalers have, including labor relations, trade affairs of various nature. It employs a counsel or executive secretary.

The CHAIRMAN. Who is the executive secretary?

Mr. PALMER. I'm not sure of his title but his name is B. P. Calhoun, who is a lawyer.

The CHAIRMAN. "D. P."?

Mr. PALMER. "B." "B" as in Bernard.

The CHAIRMAN. All right, sir.

Mr. PALMER. He is employed on a contract basis.

We hold meetings on an average of twice a month and deal with all of the trade association matters that trade associations normally deal with.

The CHAIRMAN. The cost of membership or what you pay the association is based upon the number of gallons sold per year; is that correct?

Mr. PALMER. That is correct, Senator.

The CHAIRMAN. How much is the cost per gallon?



Mr. PALMER. Well, the dues have varied from time to time. My impression is that the present dues we are paying is a half a cent a gallon based on sales.

The CHAIRMAN. Can you tell us in round figures over a period of two or three typical years what Alfred Hart Distilleries pays to the association?

Mr. PALMER. Well, there are no typical years, Senator, because the amount varies widely from year to year and I have noticed there are years in which we have made no payment whatever. That is merely an oversight in the collection. However, the average over the period of the last 10 years which I have computed is approximately \$7,700 a year.

The CHAIRMAN. You mean seventy-seven thousand.

Mr. PALMER. No. The average per year, Senator, is \$7,700.

The CHAIRMAN. Seven thousand, seven hundred a year?

Mr. PALMER. That is correct, sir.

The CHAIRMAN. Is that for all of your companies?

Mr. PALMER. Yes. The only company that is involved in that association is actually the Los Angeles company. The other branches are not members of associations requiring the payment of dues.

The CHAIRMAN. How about your San Diego branch?

Mr. PALMER. Their sales are not computed in our dues schedule.

The CHAIRMAN. And San Bernardino?

Mr. PALMER. The same is true there.

The CHAIRMAN. I was of the impression that you told me last evening that it was seventy-seven thousand. Will you check your books or records?

Mr. PALMER. The \$77,000 figure, Senator, was for a 10-year period.

The CHAIRMAN. Oh. That was for 10 years?

Mr. PALMER. The total payment for 10 years.

The CHAIRMAN. I see.

Mr. PALMER. As I was saying, the figures varied so from year to year that the average figure is \$7,700.

The CHAIRMAN. This association employs a public-relations expert here in San Francisco; is that correct?

Mr. PALMER. It does.

The CHAIRMAN. And what is his name?

Mr. PALMER. Frank Flynn.

The CHAIRMAN. Is he associated with Mr. Samish?

Mr. PALMER. I believe that he is.

The CHAIRMAN. And he is the same man who handles public relations for the Northern Wholesalers Association; is he?

Mr. PALMER. That is correct.

The CHAIRMAN. Is his salary \$2,000 a month?

Mr. PALMER. That is my understanding of the matter; \$2,000 from the Southern California Spirits Foundation.

The CHAIRMAN. Yes. Do you know what his contract provides, Mr. Palmer?

Mr. PALMER. I have never seen the contract. I have no idea what it provides, except that he performs public-relations services, including representation at Sacramento.

The CHAIRMAN. Do you know the name of his public-relations organization?

Mr. PALMER. No; I do not.

The CHAIRMAN. But it is all usually considered as part of the Arthur Samish organization; is that correct?

Mr. PALMER. That is correct.

The CHAIRMAN. In the same office and substantially the same set-up?

Mr. PALMER. Yes.

The CHAIRMAN. Now, Mr. Palmer, I wanted to ask you about the difficulty that you had getting started over in San Bernardino County and what took place. You first started out, or were about to, with Edward Seeman. Will you just tell the details of how you got started in that county.

Mr. PALMER. Yes, Senator. In the year 1943 we had acquired large sources of supply of beverage alcohol in foreign lands. We needed a wider distribution of our products, all of which were imported or most of which were imported. We opened branches in many communities in the State of California and sometime prior to that had opened a place of business in Arizona. In October of 1943, following a conversation between Mr. Alfred Hart and Mr. Edward Seeman, of San Bernardino, Mr. Seeman was brought into my office by Mr. Hart, and Mr. Hart explained to me that he had made a deal for a 10-year partnership to operate a wholesale business in San Bernardino, it being understood that Mr. Seeman would sell his interest in the Inland Distributing Co., a wholesale business that was already established in San Bernardino.

The CHAIRMAN. Just a minute. Mr. Seeman already had a business?

Mr. PALMER. Mr. Seeman was part owner of the Inland Distributing Co., of San Bernardino.

The CHAIRMAN. I see. What are Mr. Seeman's initials, again?

Mr. PALMER. Edward, as I recall it. I'm not certain of his middle initial.

The CHAIRMAN. All right, sir.

Mr. PALMER. The agreement of limited partnership, whereby Mr. Hart was principal partner and Mr. Seeman limited partner, was signed I believe on October 19, 1943, and the partnership was supposed to commence on November 1, 1943. Actually we had difficulty getting premises, or at least getting them in condition for business, and I believe it was January of 1944 when the business commenced operation.

That partnership continued for a period of 2 months. Sometime during the latter part of February or March Mr. Ralph Swing and Mr. Arthur Samish paid a visit to our office in the discussion of a new partnership.

The CHAIRMAN. Just a minute. That is Senator Swing from San Bernardino; is that so?

Mr. PALMER. That is correct, Senator.

The CHAIRMAN. And he and Mr. Samish came to your office in Los Angeles relative to a new partnership?

Mr. PALMER. That is correct.

The CHAIRMAN. How did that happen? How did they happen to come to see you?

Mr. PALMER. They didn't come to see me directly. They came to see Mr. Hart. I was brought into the conversation at a later time.

It had been my understanding at the time of the original partnership that Mr. Seeman was in some sense representing Mr. Ralph Swing, and apparently Mr. Swing was dissatisfied with the arrangement that had been made and wished to have a direct interest as a partner in the enterprise. I assume that was the purpose of his visit. In any event, a new arrangement was made and a new limited partnership formed, the limited partners being Ralph Swing, Edward Seeman, and E. Mack, with a total interest representing 49 percent. Mr. Alfred Hart retained 51 percent and was the general or controlling partner. The new deal, however, was only for a period of 4 years as compared to the original 10-year deal between Mr. Hart and Mr. Seeman.

The CHAIRMAN. In the original limited partnership between Mr. Seeman and Mr. Hart, which was for 10 years, which agreement I believe was signed in October 1949, what was the proportion of interest of Mr. Seeman and Mr. Hart?

Mr. PALMER. Mr. Hart had a 60-percent interest and Mr. Seeman a 40-percent interest.

The CHAIRMAN. You found, then, during the maybe 2 months that this had operated—January and February—that they hadn't done very well in business, did you? I am referring to this company. By the way, what is the trade name of the company?

Mr. PALMER. The trade name was the Alfred Hart Distributing Co. of San Bernardino and Riverside.

The CHAIRMAN. But didn't it previously have another name?

Mr. PALMER. Not to my knowledge, sir.

The CHAIRMAN. Had the business done very well during the 2 or 3 months of operation under the original agreement?

Mr. PALMER. It would be a little difficult for me to remember. I don't know what the business figures are there, Senator.

The CHAIRMAN. Anyway, you and Mr. Hart felt that it would be advantageous to an increase in business to bring these new people into the arrangement; is that correct?

Mr. PALMER. We thought it desirable to have as strong local representation in San Bernardino County as possible, and we welcomed Mr. Swing as a partner.

The CHAIRMAN. Let's see. In the new limited partnership, let's see how the stock interest was. Mr. Hart had 51 percent?

Mr. PALMER. Fifty-one percent. And Mr. Seeman had 25 percent.

The CHAIRMAN. Just a minute, now. Mr. Seeman had 25 percent. That is Senator Seeman?

Mr. PALMER. No. That is Edward Seeman.

The CHAIRMAN. What did Senator Swing have?

Mr. PALMER. Twenty percent.

The CHAIRMAN. And who was the other person?

Mr. PALMER. Sir?

The CHAIRMAN. E. Mack?

Mr. PALMER. E. Mack, 4 percent.

The CHAIRMAN. Is that "Miss" or "Mrs." Mack?

Mr. PALMER. "Miss" Mack.

The CHAIRMAN. Now, how much did each of these pay for their interests?

Mr. PALMER. Sir?

The CHAIRMAN. How much did Mr. Seeman pay for his 25-percent interest?



Mr. PALMER. Mr. Seeman's payment I believe was \$1,000 capital contribution.

The CHAIRMAN. And Senator Swing then paid——

Mr. PALMER. \$500.

The CHAIRMAN. No. He had 20 percent?

Mr. PALMER. Yes.

The CHAIRMAN. Mr. Seeman had 25 percent. Did he pay \$500?

Mr. PALMER. No. Seeman paid a thousand dollars.

The CHAIRMAN. Senator Swing?

Mr. PALMER. Paid \$500.

The CHAIRMAN. Paid \$500 and how much did E. Mack pay?

Mr. PALMER. Oh, a hundred or 200; I have forgotten which, Senator.

The CHAIRMAN. Two hundred dollars. And then business went on and the company did very well?

Mr. PALMER. Exceedingly well.

The CHAIRMAN. How do you mean "exceedingly well"?

Mr. PALMER. Well, the sales were large and the profits were substantial during the war years until 1947.

The CHAIRMAN. Well, what would be a big year for this company, for instance? I mean, net profit during the war years when business was so good. Just roughly. I don't want any exact figures.

Mr. PALMER. Perhaps 200, 250 thousand dollars a year. This is merely an estimate, Senator.

The CHAIRMAN. You mean there would be that much for distribution to the stockholders?

Mr. PALMER. Yes, sir.

The CHAIRMAN. Then there came a time also when \$195,000 in freight charges had been charged to the Los Angeles business, but was it found that San Bernardino was entitled to the credit for that freight charge?

Mr. PALMER. Well, it wasn't exactly a freight charge, Senator. We made the practice in the main business to charge all of the branches a 3-percent overcharge on the normal wholesale price, all of which of course was established by the OPA; so that we took some of the profit from the conduct of this business into the Los Angeles main corporation. This 3-percent overcharge in the period of time of several years to San Bernardino finally amounted to the sum of approximately \$190,000.

The CHAIRMAN. And then that was turned back to the San Bernardino Co.; is that correct?

Mr. PALMER. No, it never was turned back. There was some dispute as to whether or not we had the right to charge it. We believed that we did, and it thereafter appeared that Mr. Seeman had a letter from Mr. Hart, written sometime in 1944, in which Mr. Hart had stated that the charge would not be made for the duration of the amended limited partnership. Consequently we settled the matter with Mr. Seeman. I believe we paid him some \$16,000 in cash and 2,000 shares of the stock of the Alfred Hart Distilleries, worth at that time 6 dollars a share.

The CHAIRMAN. Anyway, the partners in the San Bernardino company did share the \$195,000?

Mr. PALMER. Only to that limited extent, Senator.



The CHAIRMAN. Yes, sir. The purpose, of course, of bringing these people in was to get good local influence; is that correct?

Mr. PALMER. That is correct, sir.

The CHAIRMAN. Senator Swing was quite a leader in the senate of California?

Mr. PALMER. For many years.

The CHAIRMAN. And——

Mr. PALMER. But, even more important, he was a very substantial man in San Bernardino.

The CHAIRMAN. It was very pleasing to Mr. Samish to have some participation in getting Mr. Swing a good business deal like that?

Mr. PALMER. I have no knowledge of Mr. Samish's motives, Senator.

The CHAIRMAN. Well, you were there and discussed the matter with him.

Mr. PALMER. Well, I think it is fair to say that it was a feather in his cap.

The CHAIRMAN. Because it would be, I suppose, helpful to Mr. Samish to have Senator Swing on his side. I don't know whether he was or not. He probably was part of the time. Maybe he wasn't part of the time.

Mr. PALMER. I think that is correct.

The CHAIRMAN. But, anyway, Mr. Samish was interested in the transaction being consummated as it was consummated; is that correct?

Mr. PALMER. That is my understanding.

The CHAIRMAN. Well, he came down and talked with you about it, didn't he?

Mr. PALMER. Yes. Very little of his conversation was with me, however. Most of his conversation was with Mr. Hart.

The CHAIRMAN. Did he just make one trip or do you know if he made others?

Mr. PALMER. I could hardly say, Senator, at this late date. I can recall one trip and I really can't recall how many of the men were present at the time. I think Mr. Seeman was there and I think Mr. Swing was there, though I may be incorrect in that.

The CHAIRMAN. What did Mr. Seeman do? What was his background; do you know?

Mr. PALMER. I don't know his background. I did know at the time, of course, that he was interested in the Inland Distributing Co. in San Bernardino. I have heard other things about him since, but to me they are only rumors.

The CHAIRMAN. About being in the slot-machine business?

Mr. PALMER. That's right, sir.

The CHAIRMAN. I believe Mr. Gentry, the foreman of the grand jury, testified to that effect; but you knew nothing about that?

Mr. PALMER. No. I had never met Mr. Seeman prior to that time.

The CHAIRMAN. Anyway, he was a successful man?

Mr. PALMER. Yes. I believe he had a brother who was in the tobacco business in Los Angeles whom Mr. Hart knew quite well in the years previously.

The CHAIRMAN. Has this limited partnership been liquidated and shares of stock issued in the parent corporation to all of these people?

Mr. PALMER. Yes. The parent corporation purchased the interest of the partnership in either January or February of 1947.

The CHAIRMAN. Let's see what each person got for their interest in the parent corporation.

Mr. PALMER. According to this information, Senator, which I received by telephone yesterday afternoon from the treasurer, Edward Seeman received—I might say that this transaction included a settlement of the 3 percent overcharge made by the main corporation with the partners, together with a purchase of their interest.

The CHAIRMAN. With a purchase of what?

Mr. PALMER. Of their partnership interest.

The CHAIRMAN. In other words, the \$195,000 was added to their partnership interest and it was all paid off together?

Mr. PALMER. No, it was not. What we did was: We did not recognize in full the obligation of the corporation to return the \$190,000 to the partnership; we did feel under some constraint, however, to make a settlement with the partners due to the fact of the letter which I referred to, which was perhaps somewhat ambiguous but in any event established a basis for the claim by the partners; and so as a result we compromised the matter.

The CHAIRMAN. Anyway, the compromised amount plus their interest in the partnership. What did they get in the way of stock or money in the parent corporation?

Mr. PALMER. Mr. Seeman received 8,000 shares of stock.

The CHAIRMAN. Wait a minute. Eight thousand shares. Was that of common or preferred?

Mr. SEEMAN. That is common stock—the only type of stock the Hart Distilleries has ever issued.

The CHAIRMAN. All right, sir.

Mr. PALMER. Valued at 6 dollars a share.

The CHAIRMAN. At that time it was 6 dollars a share?

Mr. PALMER. That is correct.

The CHAIRMAN. That is, then, \$48,000 on the current valuation at that time?

Mr. PALMER. That is correct.

The CHAIRMAN. On the valuation at that time.

Mr. PALMER. And \$16,000 in cash.

The CHAIRMAN. Plus \$16,000 in cash?

Mr. PALMER. Yes. I might say that a year later we purchased the stock from Mr. Seeman for the sum of \$32,000. We had suffered substantial reverses in 1947 which reduced the value of the stock 2 dollars a share.

The CHAIRMAN. What is the price of the stock? It has no importance here, but what is the price of the stock now?

Mr. PALMER. The stock now—it is, of course, a closed corporation; it is not a listed stock. The usual transaction today is approximately 4 dollars a share.

The CHAIRMAN. All right, sir. What did Senator Swing get?

Mr. PALMER. Senator Swing received 6,000 shares of stock and \$16,000 in cash.

The CHAIRMAN. And what did E. Mack get?

Mr. PALMER. E. Mack received 200 shares of stock.

The CHAIRMAN. Any cash?

Mr. PALMER. No cash.

The CHAIRMAN. So they now own stock in the parent corporation?

Mr. PALMER. No. All of the stock has been reacquired from them, Senator. The stock was repurchased, in Mr. Seeman's case, in 1947 at \$4 a share, or \$32,000; Mr. Swing's stock was repurchased from him on October 29, 1948, at \$4 a share, or \$24,000.

The CHAIRMAN. Has the Mack stock been repurchased?

Mr. PALMER. No. Mack is still the owner of the shares.

The CHAIRMAN. Is this a dividend-paying stock?

Mr. PALMER. Well, there have been dividends declared from time to time on the stock, yes; not of a regular nature, however.

The CHAIRMAN. When this San Bernardino company was first formed, within about 3 months after it was formed it had a stock dividend, didn't it?

Mr. PALMER. San Bernardino company?

The CHAIRMAN. Yes.

Mr. PALMER. No. The San Bernardino company was a limited partnership.

Mr. RICE. The Alfred Hart distributorship.

The CHAIRMAN. Yes. The one that operated in San Bernardino.

Mr. PALMER. That was a limited partnership, Senator.

The CHAIRMAN. Well, wasn't a pretty substantial dividend paid or share of profits?

Mr. PALMER. That is very likely. I couldn't say as to that. But shares were paid from time to time to the partners.

The CHAIRMAN. Within 3 months after the new arrangement was made, for instance, didn't E. Mack get \$2,700? Do you know, offhand?

Mr. PALMER. Offhand I couldn't say, but that's quite likely.

The CHAIRMAN. The fact of the matter is that you felt, in order to really do business over there in a big way, you had to have an arrangement like this, satisfactory with the local people, and it didn't hurt anything to be satisfactory with Mr. Samish. Is that about the size of it?

Mr. PALMER. Well, actually Mr. Samish had very little to do with the matter. It is true that we were interested in having local people involved in the business. We have used that practice elsewhere.

The CHAIRMAN. Mr. Samish, for various and sundry reasons, though, was well satisfied with the arrangement that had been made?

Mr. PALMER. Oh, I am certain of that.

The CHAIRMAN. You are quite certain about that?

Mr. PALMER. Yes.

The CHAIRMAN. All right. That's all. Thank you, Mr. Palmer.

Mr. PALMER. Thank you, sir.

The CHAIRMAN. Well, we will stand in recess until 2:15 and then we want to finish up very shortly thereafter.

Mr. Samish, you will be the next witness, I believe, and I would like for Mr. Hamilton and, if we can possibly locate Mr. Koehn, the auditor, to be here.

(Whereupon, at 12:40 p. m., the committee recessed until 2:15 p. m.)

#### AFTERNOON SESSION

The committee met at 2:15 p. m.

The CHAIRMAN. The committee will come to order.

Mr. Krause, will you come around?

Let me say again that if anyone wants to testify because his or her name has been introduced, let us know. I understood that Mr. Schino is here and may want to say something. He will be given an opportunity.

Where is Mr. Krause? Come around, Mr. Krause.

Mr. SCHINO. Were you calling me, Senator? I am Mr. Schino.

The CHAIRMAN. Yes, Mr. Schino. Do you want to testify?

Mr. SCHINO. I can wait. Counsel isn't here. But if you want to wait a little while——

The CHAIRMAN. Your counsel isn't here, so we will get you later.

Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KRAUSE. I do.

### TESTIMONY OF ALLAN KRAUSE, SAN FRANCISCO, CALIF.

Mr. RICE. What is your full name, Mr. Krause?

Mr. KRAUSE. Allan Krause.

Mr. RICE. Allan Krause?

Mr. KRAUSE. Yes.

Mr. RICE. And where do you live, sir?

Mr. KRAUSE. At 945 Grove.

Mr. RICE. 945 Grove Street, San Francisco?

Mr. KRAUSE. Yes.

The CHAIRMAN. Speak up a little louder so we can hear.

Mr. RICE. Do you have a place of business?

Mr. KRAUSE. No, I don't.

Mr. RICE. What business are you in, sir?

Mr. KRAUSE. I am in no business now.

Mr. RICE. Was there a time when you were in the slot-machine business?

Mr. KRAUSE. Yes.

Mr. RICE. How long ago was that?

Mr. KRAUSE. Up until the first of the year.

Mr. RICE. Until the first of what year?

Mr. KRAUSE. 1951.

Mr. RICE. And——

The CHAIRMAN. Well, just a minute now. Is this thing [indicating loudspeaker] on here? Can we get it started?

Mr. RICE. You say you were in the slot-machine business until the first of 1951?

Mr. KRAUSE. Yes.

Mr. RICE. And what happened?

Mr. KRAUSE. Well, the Federal Government put through legislation on barring machines from military reservations. And that was the end of it.

Mr. RICE. That was following the passage of the bill that was the result of the hearings of the McFarland committee?

Mr. KRAUSE. That's right.

Mr. RICE. Is that right?

Mr. KRAUSE. That's right.



Mr. RICE. Now then, sir, that put you out of business, so to speak?

Mr. KRAUSE. Yes, sir.

Mr. RICE. Because slot machines were not obtainable locally?

Mr. KRAUSE. Well, I didn't have any use for any machines.

Mr. RICE. You didn't have any use for any machines?

Mr. KRAUSE. No.

Mr. RICE. Before that, the machines were illegal here, weren't they?

Mr. KRAUSE. They had machines on the military reservations prior to the time that the State law went into effect, and whatever was on there stayed there. Nothing else come on there after the law passed.

Mr. RICE. I see. Did you supply the machines for the military installations? Some of them?

Mr. KRAUSE. No. I made the purchases for them but they dealt direct with the manufacturer.

Mr. RICE. You were the middleman in the deal?

Mr. KRAUSE. Yes.

Mr. RICE. They were obtainable normally in Chicago?

Mr. KRAUSE. I sent in the order but they dealt directly with the factory.

Mr. RICE. And those manufacturers were in Chicago, weren't they?

Mr. KRAUSE. That's right.

Mr. RICE. What were some of those companies?

Mr. KRAUSE. The Buckley Co.

Mr. RICE. The Buckley?

Mr. KRAUSE. And Jennings, and Mills.

Mr. RICE. Mills Novelty?

Mr. KRAUSE. Mills Novelty, yes.

Mr. RICE. And Ball-O-Matic?

Mr. KRAUSE. Well, that's Mills.

Mr. RICE. That's Mills. How about the Bally Manufacturing?

Mr. KRAUSE. Well, they don't manufacture slot machines.

Mr. RICE. Coin-operated devices?

Mr. KRAUSE. They manufacture coin-operated devices—electric devices.

Mr. RICE. All right, sir. Were some of those machines installed at the Presidio?

Mr. KRAUSE. Yes.

Mr. RICE. And that is a military installation here?

Mr. KRAUSE. That's right.

Mr. RICE. Where were they? In the officers' clubs there?

Mr. KRAUSE. Yes.

Mr. RICE. And around the first of the year those were removed, I take it?

Mr. KRAUSE. They were removed when this law went into effect, and they were dumped in the bay.

Mr. RICE. What did they do with them?

Mr. KRAUSE. Dumped them in the bay.

Mr. RICE. In the bay?

Mr. KRAUSE. Yes.

Mr. RICE. Dumped them in the bay?

Mr. KRAUSE. Yes.

Mr. RICE. How about the marine barracks? Did the marine barracks have any?

Mr. KRAUSE. I never had any in the marine barracks.

Mr. RICE. You never had any. Did Treasure Island have any?

Mr. KRAUSE. Yes, they had some.

Mr. RICE. And did you supply those?

Mr. KRAUSE. In the same manner, yes.

Mr. RICE. Well, you are in business for yourself as an individual, aren't you? Or do you work for someone else?

Mr. KRAUSE. No, I have my business. No contracts with any syndicates or anybody else.

Mr. RICE. We are interested in the arrangements that are now being made to overcome the loss of the slot machines in this area, if any. Can you tell us about that, what you have done on this trip to Chicago?

Mr. KRAUSE. Well, the clubs wanted some different types of machines which were legal.

Mr. RICE. I beg your pardon?

Mr. KRAUSE. Amusement devices, such as pinballs and so forth——

Mr. RICE. Yes.

Mr. KRAUSE. And any type of machine that would be able to be operated within the law.

Mr. RICE. Within what law?

Mr. KRAUSE. Well, within the Federal law; within the State law.

Mr. RICE. Within the Federal law?

Mr. KRAUSE. Or the State law. They want to comply with it. They are very strict on it.

Mr. RICE. And what has developed as a result of that arrangement? What research have they done? What did they come up with?

Mr. KRAUSE. Not very much.

Mr. RICE. Well, they have come up with something, haven't they?

Mr. KRAUSE. They have come up with some amusement device, which they always have. It has always been legal.

Mr. RICE. Did you inspect the pilot model which has been made since the first of the year?

Mr. KRAUSE. I don't know how you mean.

Mr. RICE. What did you do when you went to Chicago?

Mr. KRAUSE. Well, I made a trip to Chicago and, as I say, looking around for some type of machine that could be used in the clubs that were legal and——

Mr. RICE. And would also be a machine that would pay off? Not through the machine.

Mr. KRAUSE. No; they couldn't pay off. It had to be an amusement device.

Mr. RICE. It had to be an amusement device?

Mr. KRAUSE. Yes.

Mr. RICE. And what did you find and what did you order?

Mr. KRAUSE. Well, I went back and I saw one particular machine that the Buckley Co. made, and they asked me to look at it and said that the machine was a non-coin-operated device.

Mr. RICE. Non-coin-operated device?

Mr. KRAUSE. Device, right.

Mr. RICE. And is that this device [indicating] we have over here on the side?

Mr. KRAUSE. Yes.

Mr. RICE. Tell us what they told you about that or how that gadget works, if it isn't coin-operated.

Mr. KRAUSE. Well, in place of the coin insert, why, they have a——

Mr. RICE. Let's walk over and take a look at it so we can understand.

I notice on there the sign "Buckley Manufacturing Co." And what do they call that machine?

Mr. KRAUSE. That is a Buckley.

The CHAIRMAN. You will have to speak out louder while you are over there.

Mr. RICE. And how does it work? What do you do?

Mr. KRAUSE. Well, I'm not very familiar with the machine. This is—the first time I have actually seen it was this morning, when they opened it up. I saw the machine in the process of being developed in Chicago, but they hadn't finished by the time I left there. And the thing won't run now.

Mr. RICE. Yes, I understand that. But you ordered the machine, did you not?

Mr. KRAUSE. More or less; yes.

Mr. RICE. Didn't you order it? Have you paid for it?

Mr. KRAUSE. No; I haven't paid for it. They asked me that they would ship the machine out here and see if it could be used for anything, and if it wasn't possible to send it back.

Mr. RICE. Well now, how did they tell you that it should work?

Mr. KRAUSE. By pressing a button here [indicating]——

Mr. RICE. You press a button?

Mr. KRAUSE. They set up these meters.

Mr. RICE. And what does that do?

Mr. KRAUSE. That starts the machine. It is supposed to start the machine.

Mr. RICE. And what does it start in there?

Mr. KRAUSE. Pardon?

Mr. RICE. And what does it start in there?

Mr. KRAUSE. I can hardly hear you over there.

Mr. RICE. Do you have to put any money in to press a button?

Mr. KRAUSE. No. It doesn't operate by coin at all. No coins go in the machine at all.

Mr. RICE. Who presses the button? Does the player?

Mr. KRAUSE. The player.

Mr. RICE. Are you sure about that?

Mr. KRAUSE. I assume that, yes.

Mr. RICE. Didn't they tell you where that phase of the machine or that portion of the machine would be?

Mr. KRAUSE. No. They set it up by these meters over here on these relays here and set the free games for them; and the player would play by pressing a button, I assume.

Mr. RICE. For example, suppose that were set up in a tavern or bar. The lower portion of the device would be out where the customer could get to it, would it not?

Mr. KRAUSE. Yes, I would assume so.

Mr. RICE. And where would the upper portion be?

Mr. KRAUSE. Up there [indicating].

Mr. RICE. That would be up on the bar?

Mr. KRAUSE. No. It is just part of the machine, I believe.

Mr. RICE. No. I think it is my understanding that that part would be there where the bartender or the cashier could take care of it. Is that right?

Mr. KRAUSE. That's possible.

Mr. RICE. It's possible to do that?

Mr. KRAUSE. Yes.

Mr. RICE. So that the customer would pay the bartender or the cashier some money?

Mr. KRAUSE. That would be against the law.

Mr. RICE. Oh. Would that be against the law?

Mr. KRAUSE. Yes. [Laughter.]

Mr. RICE. Is that part moveable there on the back end, George?

Mr. KRAUSE. No. It is screwed down.

Mr. RICE. How about the white part?

Mr. KRAUSE. It is screwed down. They screwed that down.

Mr. BUTLER. It has been screwed down.

Mr. RICE. But that has a remote control arrangement, does it not?

Mr. BUTLER. Yes, it sure does.

Mr. RICE. So that the remote-control arrangement can be made separate from this other device? Can the white part or the upper part with the remote control operate the lower part? Is that your understanding?

Mr. BUTLER. That's about right; yes, sir.

Mr. RICE. That's about right.

How about that, Mr. Krause?

Mr. KRAUSE. I can hardly hear you over there.

The CHAIRMAN. Ask Mr. Krause about it, and let's get on.

Mr. RICE. Is it possible for the upper part to be separate from the bottom part, Mr. Krause?

Mr. KRAUSE. I presume it would be; yes.

Mr. RICE. Yes. Now then, when a button is pushed on the upper part, a number of free games are set up. What controls the number of games that would be set up?

Mr. KRAUSE. Well, they set these meters up here by running up some games on here, and as they press the buttons, I assume that they would subtract the meters here as they play them off.

Mr. RICE. And as many times as the button is pushed, that number of free games is arranged; is that right?

Mr. KRAUSE. Yes.

Mr. RICE. So that the customer could conceivably pay the bartender for four or five games, and then the bartender could push it four or five times, and he would play?

Mr. KRAUSE. That's right.

Mr. RICE. Something else happens. Is there a handle on there for for the player—

Mr. KRAUSE. No, I don't see any handle.

Mr. RICE. To operate? It is your understanding that they have something like that; isn't that correct?

Mr. KRAUSE. I don't see any handle.

Mr. RICE. What then makes the machine go?

Mr. KRAUSE. By this button, I assume. That is what I was talking about, this button, before.



Mr. RICE. The button is what plays?

Mr. KRAUSE. Yes.

Mr. RICE. And depending upon the number of free games that are arranged, the player pushes that button?

Mr. KRAUSE. I assume so.

Mr. RICE. And what happens then? Does something turn around in there?

Mr. KRAUSE. Yes. The mechanism starts up.

Mr. RICE. The mechanism starts up. And something comes up in "Official Results." I take it, there?

Mr. KRAUSE. Yes.

Mr. RICE. And the customer then gets some more free games; is that the idea?

Mr. KRAUSE. If he picks the right one, I suppose, yes.

Mr. RICE. And if it should happen that the bartender was one of those fellows who would do an illegal thing, like taking the money first for a number of games, and the customer piled up an increased number of free games, the bartender, if he were doing something illegal, might pay off the customer; is that right?

Mr. KRAUSE. Well, if he wants to break the law; yes. I suppose he could do it that way.

Mr. RICE. All right.

The CHAIRMAN. All right. Come back over here.

As I get it, instead of giving the quarter to the machine, you give the quarter to the bartender and you play; and if you lose your money, that's that, and the bartender gets the odds back?

Mr. KRAUSE. The game is not supposed to be used that way.

The CHAIRMAN. The game is not supposed to be used that way. But that is the reason the thing is gotten up that way, isn't it? That is your understanding about it?

Mr. KRAUSE. Well, I wouldn't use it that way.

The CHAIRMAN. You wouldn't use it that way?

Mr. KRAUSE. No. I couldn't use it that way.

The CHAIRMAN. What?

Mr. KRAUSE. I couldn't use it that way.

The CHAIRMAN. Well, it could be used that way, couldn't it?

Mr. KRAUSE. I suppose if somebody wanted to use it that way, I suppose they could. But the people that I dealt with were very strict in the regulations that nobody would be allowed in the clubs in violation of this new Federal law.

The CHAIRMAN. The California law says "coin-operated devices." This one is fixed up so that the coin is not actually put in the machine. The coin is given to the bartender, or whoever is running it.

Mr. RICE. And then the bartender could have a switch to permit the playing of the machine; isn't that right?

Mr. KRAUSE. I suppose; yes.

The CHAIRMAN. He has a switch that he can turn on back of the bar?

Mr. KRAUSE. Yes.

The CHAIRMAN. So as to let the machine operate. And you could have a switch back of the bar to indicate whether the player paid for 5 games or 10 games, so that it would register on this recording device?

Mr. KRAUSE. Right.

The CHAIRMAN. That is the way it is to be operated?

Mr. KRAUSE. Yes.

The CHAIRMAN. All right. Anything else?

Mr. RICE. Yes. Have any of the officers' clubs indicated any interest in this new device?

Mr. KRAUSE. Well, they are interested in anything that would be legal as an amusement device.

Mr. RICE. Have they talked to you about it?

Mr. KRAUSE. Well, pinballs and so forth; yes.

Mr. RICE. And in particular, with respect to this have you talked to any of the officers' clubs?

Mr. KRAUSE. Well, yes. I have talked to some of them, yes. But they said that it would be no use of putting the machine in there. Because they couldn't operate—they would have to operate within the law. So it wouldn't be of value having it in there.

Mr. RICE. Then, as a matter of fact they are or are not interested?

Mr. KRAUSE. That's right. We already made up our mind to ship it back.

Mr. RICE. What are you going to do with this thing?

Mr. KRAUSE. Ship it back.

Mr. RICE. You are going to ship it back now?

Mr. KRAUSE. Yes.

Mr. RICE. Have you any questions? [To Mr. Robinson.]

Mr. KRAUSE. It would have been on its way back already if they had notified me a little sooner.

Mr. ROBINSON. You have been more or less on maintenance work?

Mr. KRAUSE. That's all.

Mr. ROBINSON. This machine here is an intricate combination of electric relays?

Mr. KRAUSE. Yes.

Mr. ROBINSON. There is quite a maintenance problem on it?

Mr. KRAUSE. Yes.

Mr. ROBINSON. So that you don't get any revenue insofar as any coin-operated slot?

Mr. KRAUSE. No.

Mr. ROBINSON. Is it reasonable to assume that there would be some revenue to pay maintenance from some other source?

Mr. KRAUSE. Well, operating the game legally, no, there wouldn't be any at all.

Mr. ROBINSON. If you put it in purely on an amusement basis?

Mr. KRAUSE. There wouldn't be any sense to it.

Mr. ROBINSON. The maintenance costs would be terrific?

Mr. KRAUSE. That's right.

Mr. ROBINSON. Yes.

The CHAIRMAN. Mr. Schino. Is your attorney here?

Mr. SCHINO. Yes.

The CHAIRMAN. What is your name, sir?

Mr. HAGERTY. Emmet Hagerty.

The CHAIRMAN. Attorney at law, San Francisco?

Mr. HAGERTY. San Francisco. That's right.

The CHAIRMAN. Do you swear that the testimony you will give in this hearing will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SCHINO. I do.

**TESTIMONY OF ERNEST M. (MIKE) SCHINO, FORMER CHIEF FIELD DEPUTY, OFFICE OF COLLECTOR OF INTERNAL REVENUE, NORTHERN DISTRICT OF CALIFORNIA, SAN FRANCISCO, CALIF., ACCOMPANIED BY EMMET HAGERTY, ATTORNEY, SAN FRANCISCO, CALIF.**

The CHAIRMAN. Mr. Schino, you testified at considerable length before the committee in executive session when we were here in November about certain matters, but some other problems have come out since that time. Do you have any general statement you wish to make?

Mr. SCHINO. No. I don't think I have right now, outside of when I testified before, Senator, my collector, James G. Smyth, had informed me that he was coming over here and that he had talked to you, and asked me to come over. And I told him I would voluntarily come over. I was just out of the hospital and I came over here voluntarily, if you will recall.

The CHAIRMAN. That's right. All of you came voluntarily.

Mr. SCHINO. And we waited here, I think, around 4 or 5 hours, and then you called me in for 45 minutes. They were in a hurry; everybody wanted to get home for Thanksgiving; they told me to "rush it along." And so I rushed my conversation with the committee as fast as I could. And then later on you called us all in, if I recall.

The CHAIRMAN. That's right.

Mr. SCHINO. There is no question in your mind that I think that that is what took place. That was on the 22d of November, last year.

The CHAIRMAN. Well, among other things you were asked whether you had any connection with the Mountain City Consolidated Copper Co., and you said that Mr. Mooney came in and tried to sell you some stock or tried to interest you in a proposition at one time, and that's all you knew about it, as I remember.

Mr. SCHINO. Yes. He came to my office. He and a man named Hartmann. Martin Hartmann.

The CHAIRMAN. And what happened on that occasion?

Mr. SCHINO. Well, they were there for about 5 minutes. Hartmann excused himself and left. Mooney wanted me to buy some stock in the Mountain City Copper Co. He gave me quite a sales talk. He says: "Senator McCarran," he says, "the collector of internal revenue, Bob Douglas, Jack Williams, and Woodworth and some other attorney firm over there are all stockholders in it," and he says, "I know the mine, and it's going to be a great producer. If you want to buy some stock, I will be glad to sell it to you."

"Well", I says, "Pat", I says, "I'm not interested in stock. I don't care to buy any stock." And I says: "If I were you, an old gentleman like you, instead of selling stock I would go to Henry Kaiser and ask him what your proposition is on this, and he'll probably take



the whole mine over if you say this is real metal and it's going to be a great mine."

Pat says: "Oh no. No, no. We want this for ourselves."

So that's all that took place. He asked me if there was anybody else around the collector's office that might be interested. I says: "I don't know, Pat, because you'll have to interview those people yourself."

The CHAIRMAN. Mr. Mooney says on that occasion, or some other occasion, that when he came here to make inquiry about the Jenkins case, as I recall his testimony, you were there and he made inquiry of you about the Jenkins case.

Mr. SCHINO. He came the second time. It was along in the fall of the year. He had retired, he told me, from the service and came up to bid me good-by. He says his wife and he were stopped at the Fielding Hotel, and he says: "By the way, Mike", he says, "who handles your special investigation cases?"

I says: "J. J. Boland, down on the eighth floor, and Adolph Washauer. If you want to see Washauer, he is down in the hallway at room 931."

So Pat left my office. I had quite a few appointments with taxpayers on paying warrants of restraint. So he went out of my office. And after my conversation with taxpayers on warrants-of-restraint cases, so in came Washauer. And I stepped off my chair—I meant to say, I got out of my chair and I went over and told Washauer: "This is Mr. Mooney from the revenue office who wants to talk to you." And I left them there. They were in my stenographer's office.

So at that time another taxpayer came in, and I was conversing with this other taxpayer. I don't know what the conversation was that took place. But Mr. Washauer told me afterward—Mooney had left. He says: "Mr. Mooney wanted to know about the status of the Jenkins case", and he says: "I told him the case is closed and assessed long ago, and it's in the Intelligence Unit's hands."

That's what Mr. Washauer told me.

The CHAIRMAN. So your testimony is you didn't talk with Mr. Mooney about the case at all?

Mr. SCHINO. No, I did not.

The CHAIRMAN. Or with Mr. Hartmann?

Mr. SCHINO. No. Never with Mr. Hartmann did I talk about the case.

The CHAIRMAN. Well, how come Mr. Mooney issues 5,000 shares of stock to your sister?

Mr. SCHINO. That I don't understand. She never received any stock, because she's blind, she's under State compensation. She doesn't know Pat Mooney, she doesn't know Hartmann, and nobody has ever solicited her to buy any stock or to receive any stock.

The CHAIRMAN. Well, you knew that at that time, that she had been issued some stock, when you testified the last time, didn't you?

Mr. SCHINO. No. I did not. No. Never, never. I never asked Mr. Mooney for any stock.

The CHAIRMAN. I know, but you knew that the stock had been issued to your sister when you last testified?

Mr. SCHINO. No, I didn't know.



The CHAIRMAN. Isn't it a strange thing that out of the blue Mr. Mooney would issue some stock to your sister?

Mr. SCHINO. That's what I don't understand.

The CHAIRMAN. It is a difficult thing.

Mr. SCHINO. It is a difficult thing. I wouldn't want any stock in the mining company, from what I heard afterward. I appreciate Mr. Mooney's good thought and generosity, but I don't care for any of the stock.

The CHAIRMAN. Well, you are not averse to getting stock in companies, are you, Mr. Schino?

Mr. SCHINO. No, no.

The CHAIRMAN. You got some stock in the Stepladder Co.

Mr. SCHINO. Yes. I invested a hundred dollars. It wasn't stock. It was a limited partnership. It started out as a stock corporation and then they changed it to a limited partnership. I recall—

The CHAIRMAN. Tell us about that.

Mr. SCHINO. Well, Frank P. Tomassini, who had the Safety Step—he had a cut of it, and so forth—who I met in Los Angeles, and he showed it to me. He said it was going to be a great thing; it would revolutionize the whole world in safety devices for trucks. This step was what you call the basket step. You press a lever and it come out, where the truck drivers and their helpers who would keep from getting hurt jumping on and off trucks. And I says: "Well, Frank, when you get the thing operated let me know." I says: "I might be interested."

So this was, oh, around July or August, I think in 1944, to the best of my recollection.

And I think around September he came to me and says: "We formed a company, and if you want to get some of that stock."

"Well," I says, "I haven't got much money to put in it, Frank." I says: "Do you mind if I got in for a hundred dollars? Buy a hundred dollars' worth?"

He says: "Sure."

So he asked Mr. Henry Robinson, the attorney of the Safety Step Corp., if I could invest a hundred dollars in it. He said: "Yes." So I invested a hundred dollars in it.

The CHAIRMAN. And you appear as one of the officials of the partnership?

Mr. SCHINO. No. It is what you call a limited partner. It was on the proportion of what Mr. Tomassini put in; I think it was a thousand dollars. Mr. Dinwiddie put in a thousand dollars and I put in a hundred dollars, and I think they figured that my percentage was around six and two-thirds or thereabouts; I don't know.

The CHAIRMAN. And did you know about Mrs. McCreedy about that time?

Mr. SCHINO. No, I didn't.

The CHAIRMAN. When did you find out?

Mr. SCHINO. I didn't find out until way afterward. In fact Mr. Robinson, the attorney, never did give me a copy of the corporation set-up.

The CHAIRMAN. I know. But what she was doing.

Mr. SCHINO. No, I didn't know that until later years. Do you mean of her past, Senator?

The CHAIRMAN. Yes, that's right.

Mr. SCHINO. I heard that in later years.

The CHAIRMAN. She also had an income-tax case pending, too, didn't she?

Mr. SCHINO. That I didn't know nothing about, if you will recall.

The CHAIRMAN. Well, you found out about it, didn't you.

Mr. SCHINO. No, I didn't find out. I told you at the last meeting she did not file in the first district of California. She filed over in Honolulu, in the collector's district in Honolulu. It was a revenue agent's case, I think.

The CHAIRMAN. We asked you last time whether you called this Mr. Higgins in New York. What was your answer about that?

Mr. SCHINO. No, I never called Mr. Higgins in New York.

The CHAIRMAN. But you met him up there sometime?

Mr. SCHINO. I met him in September, in the early part of September, with William B. Anater, our assistant, and Remo Cipallo, my division chief at San Jose. We were at the Democratic Club there in New York for luncheon. I sat at the same table with the acting collector—I think it is in the customhouse district there, district No. 1—I am not sure—Mr. Ryan. About six of us around the table. And we were going over to a ball game, to see Pittsburgh and Brooklyn play over in the Dodger's park. So when we left I met him casually. Cipallo introduced me to the former collector in New York, that's all. Just met him. "How are you, Mr. Higgins?" and off we went and got in a cab.

The CHAIRMAN. What are all these trips you take with Mr. Hartmann?

Mr. SCHINO. Pardon me?

The CHAIRMAN. I say, What are all these strips you take with this fellow Hartmann?

Mr. SCHINO. I don't take trips with Hartmann.

The CHAIRMAN. He testified this morning—

Mr. SCHINO. He took a trip with me to San Jose one day. And I will tell you what that is about.

The CHAIRMAN. Well, is he quite a buddy of yours?

Mr. SCHINO. No, he isn't. I only met Hartmann through Pat Mooney. Pat said he knew him for 40 years. He was a member of the Olympic Club, and he was a salesman for the Cole Agency.

The CHAIRMAN. How long a trip was this that you took with him?

Mr. SCHINO. Just down to San Jose.

The CHAIRMAN. How long were you gone?

Mr. SCHINO. We left about 3:30, somewhere, in the afternoon. I don't recall right the exact date.

The CHAIRMAN. It seemed to me he testified about another trip that you went together. Were you here this morning when he testified?

Mr. SCHINO. No; I wasn't here this morning, sir.

The CHAIRMAN. Did you have anything else you want to say about the matters that have been brought out in which your name has been used?

Mr. SCHINO. I think that all these matters that have been brought out, me receiving stock or matters brought out with regards to Mr. Bucher, the attorney for Mrs. Jenkins, I think that that's outrageous. Mooney, I mean Mr. Hartmann, going and relaying lies that way to

Mr. Bucher, putting my name in the reports, in this recording machine, his—his——

The CHAIRMAN. Why do you think he would do that?

Mr. SCHINO. I don't know. I can have no idea. The only thing I can see is that he was trying to see—that he was trying to build himself up, to try to take some money either from the attorney or from Mrs. Jenkins.

The CHAIRMAN. How long have you known Mr. Hartmann?

Mr. SCHINO. I met him in the early part of 1949. I have only known him 2 years.

The CHAIRMAN. These recordings were made back in 1948.

Mr. SCHINO. Well, I didn't know him at that time, when these recordings were made.

The CHAIRMAN. You didn't know him?

Mr. SCHINO. No. Because Mr. Mooney brought him in to me in 1949—the early part of 1949.

The CHAIRMAN. It is awfully strange that he would be talking about you when you didn't even know him.

Mr. SCHINO. I am very sorry, Senator, but——

Mr. HAGERTY. Mr. Senator, that would be more a peculiarity of Mr. Hartmann than Mr. Schino.

The CHAIRMAN. Well, as a matter of fact the recordings were made, I think, after the time that Mr. Mooney came to see you here about the Jenkins case.

Mr. SCHINO. What year was that?

The CHAIRMAN. No. The first recording apparently was made in March 1950. You knew him at that time?

Mr. HAGERTY. Yes. He said he met him in 1949.

Mr. SCHINO. 1949, I think. 1949 is when I met him.

The CHAIRMAN. Yes. So that——

Mr. SCHINO. He probably—I don't know how many recordings was taken of this matter. This might have been at a later date, Senator.

The CHAIRMAN. No. He mentions you in both recordings, of course. He calls you "Mike."

Mr. SCHINO. Well, everybody calls me "Mike." I'm known in the whole 48 counties in my district more as "Mike" Schino than I am "Ernest" Schino.

The CHAIRMAN. All right. Do you have any questions?

Mr. ROBINSON. Mr. Schino, you were asked when you testified before the committee before if you knew Joe Cannon.

Mr. SCHINO. That's right.

Mr. ROBINSON. You testified that you had known him since approximately 1916.

Mr. SCHINO. That's right.

Mr. ROBINSON. I would like to read to you a portion of your testimony in that connection.

Mr. SCHINO. All right.

Mr. ROBINSON (reading):

Q. Where did he live in Los Angeles?

A. I don't know. He lived in Fresno there.

Q. Where did he live in Fresno?

A. At the Hotel Fresno.

Q. Did you ever stay with him?

A. Oh, no. I never stayed with him.



Q. Did you ever spend a night with him at his home?

A. No.

Q. Did you ever spend a night in his hotel?

A. No. I never did.

Q. How did the report get started around that you did?

A. I don't know. As I say, the only connection I had with Cannon was that he gave me some information on these fellows he was associated with. I wrote it up and had it registered and had it sent to Ralph Reed for investigation.

Q. Did you ever stay at the Hotel Knickerbocker?

A. Yes; that is where I stay in Los Angeles.

Q. Did you ever see Mr. Cannon there?

A. No; I never did see Joe Cannon as long as I stayed at the Knickerbocker, going and coming.

Now, you were recalled later on, and this is the portion of your testimony that is pertinent:

Q. By the way, Mr. Schino, I believe you testified you knew Joseph Cannon.

A. Yes, sir.

Q. But that you had never stayed with him at any hotel.

A. Not that I recall, at no time.

Senator Tobey interjected at that point and said:

The statement was—he made a flat statement—he didn't.

You answered:

That's right.

Q. And particularly you had never stayed with him at the hotel in Hollywood, the Hotel Knickerbocker?

A. That's right.

Q. Well, that's another day. (You were apparently looking at some of these hotel registrations:) Gus Oliva. That is in 1947, June of 1947. But prior to that, in November of 1946?

A. No; I never shared no room with Joe Cannon.

Q. Well, the registration of the Hollywood Knickerbocker shows that Joe Cannon was there. Would that be wrong?

A. That would be wrong, because I never shared the room with him at no time.

Q. Do you know L. F. Davis?

A. No; I don't know L. F. Davis.

Mr. SCHINO. It wasn't Davis. Who was your attorney here last time?

Mr. ROBINSON. Mr. Halley.

Mr. SCHINO. Mr. Halley. We talked across the table at the second meeting in late afternoon, Mr. Robinson. He didn't call him "Davis." He had some other name.

Mr. ROBINSON. I think he showed you the——

Mr. SCHINO. No, it wasn't "Davis" then. It was "Davie," "Daiva," or some name like that.

Mr. ROBINSON. Didn't he show you that card?

Mr. SCHINO. He showed me this card and he insisted that I stayed with Joe Cannon.

Mr. ROBINSON. And what was typed on that card?

Mr. SCHINO. All right. Excuse me.

Mr. ROBINSON. Will you just read it.

The CHAIRMAN. Read it out loud so we can all hear.

Mr. HAGERTY. What part of it? You don't want the entire card, do you?

Mr. ROBINSON. No; just that entry there. There is an entry with Joe Cannon. And what is the other name beside it?

Mr. HAGERTY. Joe Cannon and L. F. Davis.



Mr. ROBINSON. That's right. Is there any portion of that testimony that you would care to change at this time, Mr. Schino?

Mr. SCHINO. Well, Mr.—

Mr. ROBINSON. Robinson.

Mr. SCHINO. Robinson. Pardon me. I can't remember your name. If I recall, when I talked with Mr. Halley here, he insisted that I stayed with Joe Cannon and Lou Davis on November the 16th and 17th in 1946. That's what I thought he referred to.

Mr. ROBINSON. Where do you get "Lou" Davis in here?

Mr. SCHINO. Well, they always called him "Lou" Davis.

Mr. ROBINSON. Oh; you do know Mr. Davis?

Mr. SCHINO. No; I knew Mr. Davis. "Colonel Lou" Davis he is known by.

Mr. ROBINSON. Your testimony indicates that you didn't know him.

Mr. SCHINO. Well, not "L. F." Davis. "Colonel Lou" Davis. And I did not stay with him on those dates at the hotel room in the Knickerbocker Hotel on the 16th and 17th of November 1946.

Mr. ROBINSON. Will you look at an entry thereon?

Mr. SCHINO. That's what I told Mr. Halley.

Mr. HAGERTY. Mr. Robinson, may the witness relate the circumstances under which maybe this thing occurred? I think it can be cleared up.

Mr. ROBINSON. Did you ever stay at the Hollywood Knickerbocker with Mr. Joe Cannon?

Mr. SCHINO. Not in the same room with Mr. Joe Cannon.

Mr. ROBINSON. Did you ever stay at the Hollywood Knickerbocker with Mr. Joe Cannon, was the question?

Mr. SCHINO. You mean the whole hotel or do you mean in the room with him?

Mr. ROBINSON. Even down cellar?

Mr. SCHINO. No, no.

Senator KEFAUVER. Well, didn't you share a suite with him? That's what we are getting at.

Mr. SCHINO. Well, they had me down sharing the suite. And I went down to Los Angeles, Senator, and I asked—I went down there. You and Mr. Van Brunt, I think—I was down there on Friday after Thanksgiving.

Mr. ROBINSON. I think we both got there about the same time; didn't we?

Mr. SCHINO. Yes, we did. And you took all the records. Me being the customer of the hotel, I didn't get a chance to even see a record. And I have been after Jack Matthews several times since to try to get a hold of those records, to identify them. And I think your men told them, "If they want them they can write to Washington, D. C. for them." But the agreement was on the records, Mr. Robinson, that they were to take them and make photostatic copies of originals and bring them back—which you did not do.

Mr. ROBINSON. Let's get into that occasion when you were there with Mr. Cannon.

Mr. SCHINO. I will explain that all to you, if you want me. You lead the question and I will give you the whole story.

Mr. ROBINSON. Will you explain to the committee the circumstances under which you stayed at the Hollywood Knickerbocker with Mr. Joe Cannon or L. F. Davis on any occasion?

Mr. SCHINO. Yes, I'll tell you the whole story.

Would you mind if I explain that, Senator?

The CHAIRMAN. Yes. But don't be too long, because it is all in the testimony. We have got a lot to do.

Mr. SCHINO. Well, Joe Cannon phoned me from Las Vegas, Nev., at my office twice that he had two very bad tax evaders over in Las Vegas and that they were going to beat the Government out of all the tax that was due the Government, and he asked me if I would come over. And I says: "You go to the Las Vegas office and I think that they will give you that service."

Mr. RICE. For my information, sir, who is Cannon?

Mr. SCHINO. M. L. Cannon.

Mr. RICE. Yes. What business?

Mr. SCHINO. He runs a restaurant, or the White Theater; has a band there and a bar in the White Theater at Fresno, Calif.

Mr. RICE. And he said that he had some tax evaders?

Mr. SCHINO. Yes. Yes, sir; yes, sir.

Mr. RICE. I don't follow it. What is that of "his"?

Mr. SCHINO. I will bring the whole thing in, Mr. Rice.

Mr. RICE. Yes.

Mr. SCHINO. And I says: "Well, I am going to be in Fresno next Monday." That was on the 25th of November 1946. I got there Sunday night—Monday night, I think it was, around 9 o'clock. And the next morning I went to the office, did some dictation work, interviewed the division chief, Harold Calvert, there and some of the other deputies on warrants of restraint, and then I got another call from Mr. Cannon. And he says: "These men do not know how to seize a place of business."

"Well," I says, "they sure must know how to follow the manual. It's in the manual."

And he said: "Well, they don't know a thing about it, and they advised me to have you come over and help them. They would like to have you."

I said: "Joe, I don't want to go into any other district, but I will phone my office."

In fact I told my secretary before leaving that I may have to go to Las Vegas, Nev., on tax evaders and seizure matter, and I phoned my office before leaving the afternoon of the 26th, 1946, approximately around 3 p. m. And Colonel Davis—Cannon told me that Colonel Davis' plane is coming over, bringing me over to Las Vegas and bringing me back again.

I says: "I'm not going to drive away over there, six or seven hundred miles."

Mr. RICE. Who is Colonel Davis?

Mr. SCHINO. He was a flyer. He was an instructor in the Army, flying cadets in the last World War.

The CHAIRMAN. I don't want to cut you off, but we can't spend all afternoon on this.

Mr. SCHINO. So I went over there, checked in the Last Frontier Hotel. And Cannon wasn't there. So we met Cannon later. We

went over to the Vail Sneed Club that they had. It was a corporation, and the president of the corporation was the bad tax evader, along with another tax evader. And I looked the whole situation over, took an inventory, went over the situation with Mr. Smith, the bookkeeper there, and I told Mr. Cannon: "I'm going to seize this club in the name of the collector of internal revenue, Mr. Douglas, of Reno, Nev." And I took Mr. Cannon up the next morning—it was too late to get in the office that afternoon at Las Vegas—and took him up the next morning, up to our office in the Post Office Building, the Federal building. And I met Mr. Darling there, and Mr.—our deputy now is in Placerville—it will come to me in a minute. And I asked them, "Did they know anything about seizing the place?" And I said: "I seized the place for the collector's office here, because the Government's money was in jeopardy."

Mr. ROBINSON. Mr. Cannon was worrying about——

Mr. SCHINO. No. I am explaining this to the deputies. They are in the office. And I says, "Go down, see Mr. Smith, and there will be an aggregate of additional tax, cabaret, social security, and withholding tax; to make a jeopardy assessment of that and have your man wire it into the Bureau," which was done. "And then I will report all this matter to your collector and to Mr. Homer"——

The CHAIRMAN. Mr. Schino, the point was that you are explaining about whether you stayed with Mr. Cannon at the Knickerbocker Hotel or not.

Mr. SCHINO. I asked you if I could tell you the whole story.

The CHAIRMAN. Do you have to get into all this background? Because this is all in the record here.

Mr. SCHINO. I thought I would tell you the whole story.

Mr. HAGERTY. Mike, tell them how you happened to go to that hotel, what arrangements were made when you registered, and——

The CHAIRMAN. And whom you stayed with.

Mr. HAGERTY. You went to Los Angeles because of fog conditions?

Mr. SCHINO. That's right.

Mr. HAGERTY. Did you go in to make the reservations for the group at the Knickerbocker Hotel? Did you ask Jack Matthews for a room for yourself and party?

Mr. SCHINO. I asked Jack Matthews for a room for myself and registered by myself.

Mr. HAGERTY. Did you ask if any arrangements could be made for these other two?

Mr. SCHINO. I did. I asked Mrs. Douglas, the clerk back of the desk, that there were some other people wanted to come in and stay there that night. She said, "The only thing I have is one suite left, and they will have to come in right away." And they came on.

The CHAIRMAN. That is, Cannon came in?

Mr. SCHINO. Cannon and Mr. Davis.

Mr. HAGERTY. Did Mr. Cannon stay there that night?

Mr. SCHINO. No; he didn't stay there that night.

Mr. HAGERTY. Where did he go?

Mr. SCHINO. He wouldn't stay, because he slept the afternoon before at the hotel down there across from the Biltmore. I can't think of it. Archie Vance's uncle owned it.

The CHAIRMAN. Is that L. F. Davis?



Mr. SCHINO. We call him "Lou" Davis.

The CHAIRMAN. "Lou" Davis?

Mr. SCHINO. Yes. He goes by the name of "Lou" Davis.

Mr. HAGERTY. He was the pilot of the plane that took you from Los Angeles to Las Vegas?

Mr. SCHINO. Yes.

The CHAIRMAN. You said in your testimony before that you didn't know him.

Mr. HAGERTY. He didn't recognize the name.

The CHAIRMAN. Let him testify.

Mr. SCHINO. Not the name that Mr. Halley gave me. I didn't remember the way he pronounced that name.

Mr. ROBINSON. Mr. Chairman, the card was given to Mr. Schino and the name is right on the card.

The CHAIRMAN. Yes; that's right.

Mr. SCHINO. He didn't give me this card. He talked to me across the table.

The CHAIRMAN. I remember very distinctly he had the card out.

Mr. SCHINO. I said: "I don't recall this name 'Davie' or 'Daiva'," whatever it was.

The CHAIRMAN. That card was shown to you, and you looked at it again and you said that you had never known L. F. Davis; never stayed in the Knickerbocker Hotel with him. I have your testimony right here.

Mr. HAGERTY. Senator, did you say "L. F. Davis"?

The CHAIRMAN. L. F. Davis.

Mr. SCHINO. I never knew him as "L. F." Davis; only as "Lou."

The CHAIRMAN. (Reading):

Q. Do you recall having been at the Hollywood Knickerbocker with an L. F. Davis?

A. No. I never did.

Q. Do you know any man named L. F. Davis?

A. I don't know him.

That's your answer. You were asked about it again in your testimony.

Mr. SCHINO. I didn't—

The CHAIRMAN. Two pages further over. So you understood what the name was, because you repeated it again.

Mr. SCHINO. I only knew him as "Lou" Davis. That is the only way I ever knew him, Senator. That's all. I never knew him as "L. F." Davis. There are a lot of Davises. Davis is a common name, just like Brown or any other name can be.

The CHAIRMAN. All right. Anything else you want to say?

Mr. HAGERTY. Yes. He would like to clear up this situation about Davis' and Cannon's presence at this hotel.

The CHAIRMAN. Well, what is it? What do you want to clear up about it?

Mr. HAGERTY. Did Davis stay there that night?

Mr. SCHINO. Yes, he did.

Mr. HAGERTY. Did you stay there that night?

Mr. SCHINO. Yes, I did.

Mr. HAGERTY. Cannon did not stay?

Mr. SCHINO. Cannon did not stay. He went to the Hotel Savoy. He had a room there at the Hotel Savoy. He either stayed in Hollywood or the Hotel Savoy, he told us the next day.



Mr. ROBINSON. Mr. Schino, is that what you told the Bureau of Internal Revenue when you were interviewed?

Mr. SCHINO. What is that?

Mr. ROBINSON. That Cannon went out to stay at the Hotel Savoy?

Mr. SCHINO. He told me the next day that he stayed there.

Mr. ROBINSON. Did you tell the Bureau that Mr. Cannon stayed at the Savoy and got 2 or 3 hours' sleep?

Mr. SCHINO. Yes, he did. That was in the afternoon.

Mr. ROBINSON. And you went down——

Mr. SCHINO. Wait a minute. I am talking about the evening, Mr. Robinson. I am talking about the evening, in the late afternoon. When we arrived there at the field there, we went downtown and Cannon said that he was asleep, he was up all night and he wanted to get a couple of hours' sleep. And he registered there at the Hotel Savoy. I went in to talk to Clayton Smith, the manager—he used to be the manager of the Fresno Hotel—who I knew. And Mr. Davis and I went in there. And then he went upstairs. He registered and went upstairs there. And Mr. Davis—Lou Davis—and I went to the coffee shop and had something to eat, and we told Cannon—he told us he would meet us out at the field later.

The CHAIRMAN. You saw him at the hotel there?

Mr. SCHINO. The Hotel Savoy.

Mr. ROBINSON. After you got to the field you found the battery was dead?

Mr. SCHINO. No. After we got to the field, you understand, and we couldn't get out on account of the fog, I tried to get out on a commercial plane. I couldn't. Everything was grounded.

Mr. ROBINSON. So you came back to the Knickerbocker?

Mr. SCHINO. Let me explain this. Cannon came out, and the battery was down on the plane.

Mr. ROBINSON. Isn't that what I said?

Mr. SCHINO. Well, you are trying to get ahead of my story. I want to keep up with you. And the battery was down. They phoned for a battery. They couldn't get one in late that afternoon. So they dropped me off at the hotel there. I said I was going to stay at the Knickerbocker. "I always stay here." And I went in to register.

Mr. ROBINSON. They all——

Mr. SCHINO. Wait a minute. Davis said: "See if you can get me a room there."

I said: "I will try to. This is a hard hotel to get into, unless you are known, because they are always filled up there."

So I went in, registered for myself, and I asked——

The CHAIRMAN. Was Cannon with you at that time?

Mr. SCHINO. No. He was sitting out in the cab.

The CHAIRMAN. Well, you saw him in the Hotel Knickerbocker, though, didn't you?

Mr. SCHINO. He came in afterward.

The CHAIRMAN. Well, you saw him in there, didn't you?

Mr. SCHINO. No, I didn't. He came in afterward. I registered and left, and he came in after and registered—he and Mr. Davis.

The CHAIRMAN. Did you see him when he was taking a nap? Did you see him up at the room?

Mr. SCHINO. No. You mean at the Hotel Savoy. That is around noontime, Senator.

The CHAIRMAN. I said——

Mr. SCHINO. There are two hotels involved.

The CHAIRMAN. I know. But I thought you said he took a nap at the Hotel Knickerbocker in your room.

Mr. SCHINO. No, no. He took a nap in his own room at the Hotel Savoy around 12 o'clock.

The CHAIRMAN. Did you ever see him in the Hotel Knickerbocker?

Mr. SCHINO. Not until the next morning.

The CHAIRMAN. Where did you see him the next morning?

Mr. SCHINO. I met him out in front of the hotel in a cab. We were ready to go.

The CHAIRMAN. How do you explain this when you testified last time?

Q. Did you ever stay at the Hotel Knickerbocker?—A. Yes. That is where I stay in Los Angeles.

Mr. SCHINO. That's right.

The CHAIRMAN (continuing):

Q. Did you ever see Mr. Cannon there?—A. No. I never did see Joe Cannon as long as I stayed at the Knickerbocker, going and coming.

Is that your testimony?

Mr. SCHINO. I meant to say—I misunderstood the attorney's question there—he never stays at the Knickerbocker Hotel. That's what I mean continuously.

The CHAIRMAN. That is what you mean?

Mr. SCHINO. He always stays at the Hotel Savoy.

The CHAIRMAN. All right. Anything else you want?

Mr. RICE. In view of the confusion, possibly these cards may throw some light on it, Mr. Schino.

Mr. SCHINO. Yes, Mr. Rice.

Mr. RICE. These are the registration cards of the Hotel Knickerbocker. No. 1, in name of E. M. Schino, indicates that on November 27 at 3:30 "Schino arrived; number in party, one of three," and had adjoining room with Cannon and Davis. The account number was C-67142. At the same time, the same arrival date and time, Joseph Cannon and L. F. Davis registered and had the same suite. And there is a cross reference to the name "Schino" to indicate the parties were joined. The account number was the following one in order: 67143. At that time the party checked out, evidently at the cashier, on November 27 at 9:33 p. m., both Schino, Cannon, and Davis. It was also found that there was a telephone call charged to Cannon's room, a long-distance call on November 28, and that Cannon signed a check at the Hotel Knickerbocker for three coffees and three something else, which were charged to his room.

Mr. SCHINO. Can I see those, please? These are the originals, are they, Mr. Robinson?

Mr. RICE. Yes. Do you recognize your handwriting on there?

Mr. SCHINO. Yes; this is my handwriting.

Mr. RICE. How about the other handwriting?

(Mr. SCHINO. Shaking head negatively.)

Mr. RICE. Well, do you want to say it isn't yours? Which one is yours?

MR. SCHINO. I don't know. I might have written their names down in a hurry in order for them—she says: "You will have to come in right away if they want a room."

MR. RICE. Yes, sir.

MR. SCHINO. That's what Mrs. Douglas told me. You see what I mean. She was the clerk on the floor.

MR. RICE. Yes.

MR. SCHINO. And I did not go in this room, this suite of theirs, because I told her I wanted my own room because I snore loud and I didn't want to wake people up. I said: "Now, look. Jack Matthews always takes care of me." They always have four or five rooms in reserve.

MR. RICE. You don't snore so loud that you chase them clear to another hotel, do you?

MR. SCHINO. What do mean "to another hotel?"

MR. RICE. You talked about the man going to another hotel.

MR. HAGERTY. That was earlier in the day.

MR. SCHINO. No, no.

THE CHAIRMAN. All right. All right.

MR. SCHINO. He probably still maintained his room at the Savoy.

MR. RICE. Is it a fair statement that all the writing on the registration cards is in your handwriting?

MR. SCHINO. I am not sure. Let's see that again. I'm not sure.

This is mine anyway.

MR. HAGERTY. He says, this is his.

MR. RICE. That is his name. He recognizes that?

MR. HAGERTY. Yes. He says that that is in his handwriting.

And this could be his. Is that right?

MR. SCHINO. It could be. But it has been so long ago, I wouldn't remember if it was.

MR. RICE. In any event, you won't deny that it is yours; is that it?

MR. SCHINO. Well, I wouldn't deny it, no. Because I know that they had to get the suite right away, because they would lose out on it. She was holding it for somebody else—Mrs. Douglas was.

MR. ROBINSON. Mr. Schino, does your jurisdiction extend to Las Vegas, Nev.?

MR. SCHINO. No, it doesn't. My jurisdiction is adjoining Las Vegas. Inyo County adjoins it.

MR. ROBINSON. The answer is "No," isn't it?

MR. SCHINO. Just a minute.

MR. ROBINSON. The answer is "No," isn't it?

MR. SCHINO. That's right. It is in another collection district. Can I explain something?

MR. ROBINSON. No. I just want the answer to that question. Did your travel voucher indicate your trip to Las Vegas on that day?

MR. SCHINO. No, it didn't. Because there was a slip-up in the collector's office. They didn't get my authorization, Mr. Robinson.

MR. ROBINSON. I am talking about what you put on your travel voucher as your duties performed on the day that you went to Las Vegas.

MR. SCHINO. No, no.

MR. ROBINSON. Thank you.



The CHAIRMAN. All right. That's all. Anything else you want to say?

Mr. HAGERTY. Yes.

Did you have any connection whatsoever with the Mountain City Consolidated Copper Co.?

Mr. SCHINO. No, sir. None whatsoever.

Mr. HAGERTY. Did you ever know that the previous witness, Mr. Hartmann, was using your name in conferences with the Attorney Bucher?

Mr. SCHINO. No, sir. I never knew that.

Mr. HAGERTY. Did you ever have any agreement of any kind with Pat Mooney to handle or dispose of shares of stock in the company that he represented?

Mr. SCHINO. None, sir.

Mr. HAGERTY. Did you ever have any knowledge that there was an alleged entry in his stock certificate book or stock transfer book showing a transfer of shares to your sister?

Mr. SCHINO. No, sir; I didn't know.

Mr. HAGERTY. That's all.

The CHAIRMAN. All right. Thank you.

Mr. ROBINSON. I have two more questions.

The CHAIRMAN. Let's get along. We can't be——

Mr. SCHINO. Come on, Herald. Let's get it over with.

Mr. ROBINSON. Were you examined with respect to the entries on this card indicating your presence in the Hotel Knickerbocker? Were you questioned by the Bureau on that?

Mr. SCHINO. You mean by the Intelligence Unit?

Mr. ROBINSON. That's right.

Mr. SCHINO. Not all those names, no.

Mr. ROBINSON. You were questioned about a considerable number of them?

Mr. SCHINO. No, none of the names. Only Cannon and Davis—Lou Davis.

Mr. ROBINSON. Was there a conflict between your travel voucher showing the duties performed and the fact that you were at the Hollywood Knickerbocker on the days in question in case after case?

Mr. HAGERTY. How would he know that?

Mr. SCHINO. How would I know that?

Mr. HAGERTY. Unless he made up the voucher.

Mr. ROBINSON. Were you questioned about your travel voucher?

Mr. SCHINO. I was questioned about my travel voucher, yes. Because there was no authorization given to the collector's office after I phoned there. Somebody slipped up in the collector's office and they did not send it to the Commissioner for authorization—the travel.

Mr. ROBINSON. I am not talking about the trip to Las Vegas. I am talking about entry after entry showing you were at the Hollywood Knickerbocker whereas the travel vouchers you submitted——

Mr. SCHINO. Yes. I was down there officially lots of times, and lots of times I was down on annual leave.

Mr. ROBINSON. I have nothing further.

The CHAIRMAN. The records show that you were at the Knickerbocker but the entries on your travel vouchers show that you were collecting for being somewhere else. That is what Mr. Robinson is getting at.



Mr. SCHINO. Whereabouts else would it be?

Mr. HAGERTY. On behalf of the witness, we would like to state, Mr. Senator, that he doesn't make up those travel vouchers. They are made up by various clerks and stenographers in the office.

The CHAIRMAN. I suppose he tells them what to put down.

Mr. SCHINO. No, I don't tell them what to put down. They just take it off the notebook.

The CHAIRMAN. Well, don't be trying to pass the buck to some girl in your office. They only make up the vouchers on what you tell them.

Mr. SCHINO. Anybody working for the Government, Senator, if he had to have his travel voucher investigated—any of you gentlemen—you will find that they can always find some mistakes in it in the audit. That's a record.

The CHAIRMAN. All right.

Mr. SCHINO. Yes, sir.

The CHAIRMAN. Mr. Samish, will you come around. Come around, Mr. Samish, and sit down.

#### FURTHER TESTIMONY OF ARTHUR H. SAMISH, SAN FRANCISCO, CALIF.

The CHAIRMAN. Is Mr. Hamilton in the hearing room?

Mr. HAMILTON. Present.

The CHAIRMAN. You are here. All right. And how about the man who keeps your books, Mr. Hamilton? Did we locate him?

Mr. HAMILTON. No, sir. He doesn't answer his phone.

The CHAIRMAN. You don't know where he is?

Mr. HAMILTON. I know where he told me he was going to be over the week end.

The CHAIRMAN. He has gone away on a week-end vacation or something?

Mr. HAMILTON. No. I told you this morning that he had phoned me—

The CHAIRMAN. How about Mr. Baker? Is Mr. Baker here?

Mr. HAMILTON. No. I haven't been able to reach Mr. Baker by telephone.

The CHAIRMAN. Well, somebody who signs these checks. Mr. Baker?

Mr. HAMILTON. I tried to reach them, Senator. I talked to Joseph Goldie at his home in San Mateo County. He has been sick and confined to his room, recovering from an operation, and has been ordered by his doctor not to leave the house.

Mr. RICE. How about the other fellow?

The CHAIRMAN. I know there were three of them who were authorized to sign checks.

Mr. HAMILTON. Yes. I phoned Mr. Baker's home and I was informed by the maid there that he had gone to one of his ranches and there is no telephone at his ranches.

The CHAIRMAN. That's Mr. Baker. Who is the other man, now?

Mr. HAMILTON. Mr. Schuster. I phoned the brewery. I phoned his residence in San Francisco and also his residence in San Mateo County, and got no answer at any of the places.

The CHAIRMAN. How about these young ladies? I understand Miss Ready is out of town.

Mr. SAMISH. Vacation.

The CHAIRMAN. Gone on vacation?

Mr. SAMISH. Yes. Has for some time, Senator.

The CHAIRMAN. What is that?

Mr. SAMISH. She has been on a vacation for some time.

The CHAIRMAN. Who is the other young lady?

Mr. SAMISH. Miss Martinell.

The CHAIRMAN. Miss Martinell.

Mr. SAMISH. She will be back Monday.

The CHAIRMAN. Where is she today?

Mr. SAMISH. I don't know. You see, we close our office Friday afternoon.

The CHAIRMAN. Mr. Amis, I asked that they try to find Miss Martinell. Have you any report about it?

Mr. AMIS. We are not able to locate her on the telephone.

The CHAIRMAN. Has the marshal tried to find her?

Mr. AMIS. No. I didn't ask him to.

The CHAIRMAN. Well, it is very disappointing. It is impossible to get anybody here, apparently, who kept the books or knows anything about the books concerning this Crocker Bank fund. But we will find out about it.

All right, Mr. Rice. You can proceed.

Mr. RICE. All right, sir. Going back through the years, will you tell us some of the organizations and clients that you have represented.

Mr. SAMISH. Why, they were all included, I think, Mr. Rice on those tax returns that I presented to you.

Mr. RICE. Yes, sir. What were they?

Mr. SAMISH. Well——

Mr. RICE. Some of them that you remember.

Mr. SAMISH. Well, the State Brewers' Institute.

Mr. RICE. How about the American Potash & Chemical Co.?

Mr. SAMISH. That is years and years ago.

Mr. RICE. You don't represent them any more?

Mr. SAMISH. No.

Mr. RICE. I didn't hear you, sir.

Mr. SAMISH. I said, "No, (sir)."

Mr. RICE. California State Brewers' Institute?

Mr. SAMISH. Yes, sir.

Mr. RICE. You still represent them. How about the San Francisco Bank?

Mr. SAMISH. No. That is years ago.

Mr. RICE. You don't represent them any more?

Mr. SAMISH. No, sir.

Mr. RICE. How about the Los Angeles Turf Club?

Mr. SAMISH. Years ago.

Mr. RICE. You don't represent them any more?

Mr. SAMISH. No, sir.

Mr. RICE. How about the Motor Carriers Association?

Mr. SAMISH. Still represent them.

Mr. RICE. Still represent them. How about M. C. Levy?

Mr. SAMISH. Years ago.

Mr. RICE. You don't represent them any more?

Mr. SAMISH. No, sir.

Mr. RICE. How about the Yellow Cab Co.?

Mr. SAMISH. Well, the little work I do, I guess I still act as a consultant with them.

Mr. RICE. Oh, you still represent the cab company as a consultant from time to time?

Mr. SAMISH. Well, very little. It is very nominal. It is a very small arrangement.

Mr. RICE. Now then, outside of the Orange Show one year, you don't represent them any more?

Mr. SAMISH. That's years ago.

Mr. RICE. How about Pabst Brewery?

Mr. SAMISH. Years ago.

Mr. RICE. No longer?

Mr. SAMISH. No, sir.

Mr. RICE. How about M. J. Donnelly?

Mr. SAMISH. Years ago.

Mr. RICE. And they were both out of Chicago, were they?

Mr. SAMISH. Yes, sir.

Mr. RICE. Donnelly was a representative of a brewery there?

Mr. SAMISH. Pabst.

Mr. RICE. Pabst. All right, sir. Currently you are representing what outfits?

Mr. SAMISH. California State Brewers' Institute; Schenley Distillers, of New York; Philip Morris & Co., in New York. They are the majors.

Mr. RICE. And Yellow Cab; Simon's Restaurant, of Los Angeles; and the Motor Carriers Association?

Mr. SAMISH. Motor Carriers. The other two——

Mr. RICE. Did you forget Motor Carriers?

Mr. SAMISH. Well, if I did, I add it to them.

Mr. RICE. They paid you \$9,000 last year. Now, Mr. Samish, tell us how this situation with the breweries operates, in your own way.

Mr. SAMISH. Well, let me—go ahead. Pardon me, sir.

Mr. RICE. Go ahead. Tell us about it.

Mr. SAMISH. I will tell you all about that and explain it as carefully as I know how and as cooperative as I know how. I would also like to be permitted to give the committee, since you are a fact-finding group, and I am a willing witness, information concerning our activities out here so you have some knowledge as to what we do and what we get paid for.

I would like to correct first, if I may, some of the statements made in connection with some of my superiors that you interrogated yesterday. I would like to clear up a few little misunderstandings there, if I may, such as: The last "wet and dry" or local option fight we had in California was in 1948, at which time we defeated local option by 1,500,000 votes. Fifty-eight out of the 58 counties. The one prior to that was in 1936.

The reason why I do that: I think there was some question as to dates there and I am anxious that you have that correct for your record.

I would also like as I go along to tell you something about those campaigns, if I may be permitted.

The CHAIRMAN. Well, don't go into too much detail.

Mr. SAMISH. I am not going to try to. I will do it very quickly, if I may.

The CHAIRMAN. All right. Tell us anything you want to.

Mr. SAMISH. I would like to also correct the impression you received: that it requires two signatures instead of three on checks signed to the California State Brewers' Institute fund.

The CHAIRMAN. What is the fact about it?

Mr. SAMISH. It requires three signatures. In the record, somebody said two signatures.

The CHAIRMAN. That's what Mr. Hamilton told us and——

Mr. SAMISH. Well, its three signatures.

The CHAIRMAN. Also Mr. Baker.

Mr. SAMISH. I would also like to——

The CHAIRMAN. Of course we can't tell about that because we can't find any checks, Mr. Samish.

Mr. SAMISH. Well, I think, Mr. Senator, that if you will instruct somebody who may be retained here to communicate with us, or we will with them willingly on Monday, you will get all the information that might be missing, in your opinion or anyone else's, so this matter can be complete for the record.

The CHAIRMAN. Where are we going to find those checks when we start to look for them? Let's get them settled right now.

Mr. SAMISH. Well, before that I would just like to—just one more thing, if I may, and then I will be glad to go into that.

The CHAIRMAN. All right.

Mr. SAMISH. I also call your attention to page 2 of the contract entered into between myself and the brewers in 1935, the last few lines of which say:

which said sum shall cover all expenses of every kind and description incurred or created by said first party, and said first party shall not, and shall have no authority hereunder to, incur, create, or impose any indebtedness for or in behalf of, or against the said second or third parties, or either or any of them, nor shall said first party be authorized to bind said second or third parties, or either or any of them, to pay any indebtedness or expense of any kind incurred or created by said first party in carrying out and performing the duties herein imposed on him. And it is specifically agreed that the party of the first part shall have no right, power, or authority to bind either or any of the parties of the third part, or the party of the second part, in any manner or in any particular, except by specific authority conferred as herein \* \* \*

On page 4, on line 10:

\* \* \* subject to the order of the Board of Directors of said second party  
\* \* \*

meaning expenditures.

On line 28, subsection F:

It is expressly agreed that in the event it becomes necessary for the party of the first part—

meaning myself—

when performing the duties herein imposed upon him, to create and incur an expense, then the said party of the first part—



meaning myself—

shall have no authority to authorize, create or incur such expenditures until the said second party shall have authorized the same, and when and as such expense is authorized, then the same shall be paid by the said party of the second part to the party of the first part by check, and shall be reported to the parties of the third part.

I call that to your attention, Senator, and for the record, so it may be clear, in order that you may have a thorough understanding, particularly of the excerpts.

The CHAIRMAN. Yes. And let's make this contract an exhibit to the record.

Mr. RICE. That is already in, Senator.

The CHAIRMAN. Proceed.

Mr. SAMISH. I would also like to draw your attention, Senator, to the fact that as a public relations counsel-consultant to the California State Brewers' Institute, it is my duty particularly to perpetuate the opportunity of the people I represent to engage in a legitimate practice in the merchandising of their products in the State of California; it is my primary duty to see that all rules and regulations and laws are abided by. It has been one of my policies, as I will show you as I go on, that I have been a strong advocate of strict enforcement of the law. With a reasonable margin of movement, the door is open in the morning. That is, I ask for no favors for my industry and that no favors be granted. I am a strong advocate of the temperate use of beer, wine, and spirits, and sound regulations. I myself don't use the alcoholic beverages. In fact, I don't even smoke. But I feel that my industry is entitled to that sort of regulation.

And in that connection I am going to call your attention to a few policies that have been inaugurated by myself as a public-relations counsel of the California State Brewers' Institute. And, if I may be permitted, I would just like to pass on to you a few little bits of correspondence that, if you will see fit, you can at least look at, and, if you like, you can add as exhibits to your investigation or your hearing out here.

I would be very happy to read some of this stuff, but I don't want to take too much time or inject myself. So if I could pass it on to you—

The CHAIRMAN. All right. If you will pass it out, we will make it an exhibit to the testimony.

Mr. SAMISH. That I appreciate very much, sir.

Let me just say this: This is a letter, Senator, to Mr. Stanley Baar, executive vice president of the Allied Liquor Industries, in New York, under date of December 21 1944, showing at that time that I asked that a survey be made of the United States in order to determine a model law, that we could have uniformity throughout the United States in connection with the manufacture and sale of beverages.

I also offer you a letter addressed to Mr. Herbert J. Charles, president of the United States Brewers' Association, 21 East Fortieth Street, New York, under date of January 26, 1945, upon his becoming president, rather, of the United States Brewers' Association, showing our ideas in California toward this survey that we have advocated for so many years through which we can have uniformity and a model law, and which might be helpful to you in some way nationally in seeing what we are trying to do out here.

The CHAIRMAN. These letters of December 21, 1944, and January 26, 1945, will be made exhibits to the record.

(Copy of letter dated January 21, 1944, to Mr. Stanley Baar, and copy of letter dated January 26, 1945, to Mr. Herbert J. Charles, from Mr. Arthur H. Samish, were received in evidence, marked as exhibits 53 and 54, respectively, and are on file with the committee.)

Mr. SAMISH. I also hand you, Senator, after a little notation, a letter of mine to the industry under date of October 3, 1947, to which I attach quite a batch of letters from organizations throughout the State of California, such as the California Retail Grocers and Merchants' Association, the Hotel and Restaurant Employees and Bartenders, Retail Liquor Stores Association of California, the Bartenders' Union, the Biltmore Hotel. And from this letter particularly I would like to call to your attention an excerpt which reads as follows:

We also recognize that under your guidance sensible regulation of the beverage industry has been established in California, and that the industry is operating under the best regulatory pattern of any State in the Union.

We also wish to commend you on the clean administration of these activities. It has been a real pleasure to see this work done by your organization without one outlet being asked to contribute any funds.

You and your associates are to be congratulated on the fine over-all program you have instituted and carried out for the betterment of not only the beverage industry of the State of California but also for the hotel, restaurant, night-club, and tourist industry.

The CHAIRMAN. Whom is that from? The Biltmore Hotel?

Mr. SAMISH. That is from the Biltmore Hotel, Los Angeles, Senator.

The CHAIRMAN. What do you mean "(hasn't been) asked to contribute funds"?

Mr. SAMISH. I will explain that, if I might. So I don't break the continuity—

The CHAIRMAN. All right. Go ahead. Of course our testimony shows otherwise: that he was asked to contribute funds for campaigns.

Mr. SAMISH. Well, I can only give you what I have here, Senator.

California Federated Institute, a State-wide tavern owners' association; Southern California Restaurant Association; the Musicians Mutual Protective Association; the Southern California Hotel Association; the Hollywood Ranch Market; California State Hotel Association; Hotel Hayward; Bal Tabarin, a night club in San Francisco; and the House of Murphy, in Los Angeles.

I ask, Senator, that you make these a part of your exhibits.

The CHAIRMAN. Do you want the originals back?

Mr. SAMISH. No, sir. They are for your own construction and use.

The CHAIRMAN. They seem to be photostats, I believe.

Mr. SAMISH. Yes. Yes; I have duplicates here.

I have here a photostat of an editorial which appeared in the San Jose News under date of Thursday, September 5, 1940, regarding one Arthur H. Samish, in connection with my work around the legislature. And I would like to read three paragraphs that deal with the subject that you are concerned about.

The CHAIRMAN. All right, sir.

Mr. SAMISH. The last three paragraphs, in which he says:

He merely sits down with the legislators—most of whom are his friends—and points out to them the hidden meanings which exist in many bills—the insinuations and crookedness which exist in legislation which is introduced by certain interests for reasons of their own.

If the legislator, after this explanation, sees it Mr. Samish's way, fine; if not, no hard feelings. In any case there is nothing shady, nothing under cover, nothing that is not out in the open.

Everyone who has seen the legislature in operation at Sacramento realizes that the honest lobbyist performs a necessary and important function in the making of laws. As Mr. O'Brien points out, Arthur Samish is of this type, as everyone who knows him or has seen him operate knows.

I offer you that, Senator.

I also am going to offer you for exhibit a letter from the San Francisco County Council of the American Legion in connection with a patriotic service, supplying the boys in uniform with cigarettes overseas, through the efforts of some of our people in the alcoholic-beverage industry—a letter that I am particularly proud of, that had quite a large bearing on things that happened throughout the Nation. In fact, this was copied in other parts of the country.

Without reading it, I offer that to you, Senator—

The CHAIRMAN. Thank you, sir.

Mr. SAMISH (continuing). To show you part of the work that we do.

I have a few recent letters from which I would just like to read an excerpt or so—I would like to keep them, these are the only ones that I have—so you may have them.

This is in 1949, from the Superior California Retail Liquor Dealers' Association, on behalf of the members of this association, thanking us for our cooperation for 1949.

I happen to have a letter here from the California State Firemen's Association dated June 24, 1949, expressing their appreciation for our help in connection with matters that they were concerned about at Sacramento during the last session of the legislature.

I have a letter here, April 18, 1949, from the Bartenders' Union, Local 41, of San Francisco, in which they request us to watch legislation for them and to keep them advised and apprised of what is going on.

I also have one from the Retail Liquor Stores Association, in which they extend hearty thanks and sincere appreciation for our cooperation in the 1949 session.

The CHAIRMAN. Now, the Retail Liquor Dealers' Association?

Mr. SAMISH. Retail Liquor Stores Association.

The CHAIRMAN. Retail Liquor Stores Association?

Mr. SAMISH. Yes, sir.

The CHAIRMAN. Could I see the letter from them?

Mr. SAMISH. You bet. I will read it to you, if I may.

The CHAIRMAN. Let me see the letter.

You don't represent the Retail Liquor Stores?

Mr. SAMISH. No; I don't. It is just our desire to cooperate with all branches.

The CHAIRMAN. Does any one of your associates in your organization represent them?

Mr. SAMISH. Sir, no. No, sir.

The CHAIRMAN. You do cooperate with them?

Mr. SAMISH. We cooperate with all branches of the industry in California for a common purpose of trying to have decency and all of the proper things in connection with the industry, as I mentioned before.

The CHAIRMAN. This Retail Liquor Stores Association has the motto "In unity there is strength." You have pretty good unity in all of the liquor and wine and beer industry in California.



Mr. SAMISH. We have a great coordination, Senator, as you mentioned yesterday—which I would like to say, You are quite right. We have considerable strength in our set-up in California.

I have a letter here that I think is quite important, after the 1948 local option fight in California, from the California State Hotel Association—if I may read it. It is my only original.

The CHAIRMAN. All right, sir.

Mr. SAMISH. It says:

Now that the battle is over and prohibition amendment No. 12 has gone down to an overwhelming defeat, I want to congratulate you for the leading part you personally played in this accomplishment. All credit is justly due you. From the very beginning, starting with the last budget session of the legislature, you were the first and only one to take the reins. It was your foresight to organize and finance a State-wide program that spelled defeat for the prohibition measure. Even though a few people did not seem to favor our proposition No. 2, in my opinion, with the large "yes" vote it received, it more than served its purposes. Again your judgment is vindicated.

While I played only a small part working with you, I assure you it was a pleasure. The industry in California can well be proud of the job you have done, and you have my sincere personal thanks.

With best wishes.

WILLIAM C. ROBINSON,  
Managing Director (and

*Secretary of the California State Hotel Association).*

I have any number of those letters, Senator, that carry on the same congratulatory appreciation for the leadership that we have shown in trying to unite the forces of the beverage industry in California against these fights.

I particularly have here a report from Mr. John W. Brown, secretary-treasurer of the California State Council of Culinary Workers, Bartenders, and Hotel Service Employees, in which he makes report to over 90,000 members in the State of California.

The CHAIRMAN. Well, Mr. Samish, I don't think anybody is questioning your effectiveness in getting the job done.

Mr. SAMISH. Well, if I may, just one more thing.

The CHAIRMAN. But you go right ahead, if you wish.

Mr. SAMISH. There is only one more thing. You asked in connection with contributions. I would like to just direct your attention and give you a few more thoughts on it.

During the 1948 campaign on local option in California, and which we won, that is, the industry, by a million, five hundred thousand majority in the 58 counties of California, through my efforts, at least three letters were sent out to the 43,000 licensees we have in the State of California; and I might read one to you which was sent out over my name, and similar letters were sent out from the Southern California Businessmen's Association and other organizations.

The CHAIRMAN. This was sent to all the retailers, wholesalers?

Mr. SAMISH. The 43,000 outlets in the State of California. I will give you this copy, but I would like to read it for the record.

The CHAIRMAN. All right, sir.

Mr. SAMISH (reading):

SEPTEMBER 15, 1950.

*To the Industry:*

As the time of the general election, November 7, draws near, campaigns of candidates for various political offices and initiative propositions will intensify.

We urge you make no contributions, make no commitments, permit no solicitation, financial or otherwise, for your support of any candidate or proposition.



An industry-wide committee is now making a careful survey.

This committee will report to the industry association of which you are a member.

Every advantage you now enjoy in California has been made possible because a united industry stood solidly behind its leaders.

Remember: Make no commitments, make no contributions, permit no solicitation on behalf of any candidate or political campaign or propositions.

That went to all licensees on that date, Senator.

The CHAIRMAN. Well, now, did this go to retailers, too?

Mr. SAMISH. Forty-three thousand licensees in the State of California.

The CHAIRMAN. What right do you have to tell the retailers what to do, Mr. Samish?

Mr. SAMISH. Well, whether I have a right or not, maybe it is one that I assume somewhat. But it seems that I work pretty close with the secretaries and the directing heads of all of the beverage industry organizations in California, plus labor and others. We sit down in a meeting to more or less agree on a program, and then we put our shoulder to the wheel and do the best we can for the people we represent.

Just following that out—

The CHAIRMAN. Well now, may I ask you a question about these as we go along?

Mr. SAMISH. Yes, sir.

The CHAIRMAN. This letter of September 15, 1950, is a memorandum from Arthur H. Samish. It is not sent in your position as public relations director for the beverage industry—just you. And this went to all of the retailers—43,000 outlets; is that correct?

Mr. SAMISH. That's right.

The CHAIRMAN. Wholesalers?

Mr. SAMISH. I would say, all licensees. I want to be correct on that, because I will give you some more, Senator. But through my efforts three letters were sent out, or rather at my request: one from the Southern California Businessmen's Association, to every licensee in the southern part of the State, and through various organizations in the northern part of the State.

I have one here that you can have, from the California Federated Institute. It is a San Francisco organization. It is addressed to all San Francisco licensees, in connection with some matters where we involve ourselves. It will be of interest to you.

The CHAIRMAN. Yes, sir. Now let me ask you a question about this letter of September 15, 1950, "To the industry," from Arthur H. Samish:

As the time for the general election, November 7, draws near campaigns of candidates for various political offices and initiative propositions will intensify.

That had no reference, did it, to any referendum on the local option question?

Mr. SAMISH. Let me see that date. I may have that.

The CHAIRMAN. September 15, 1950.

Mr. SAMISH. That might be in connection with candidates.

The CHAIRMAN. Well, candidates for what? For all offices?

Mr. SAMISH. Oh yes.

The CHAIRMAN. Legislature, State senate, Governor?

Mr. SAMISH. Well, legislative offices, constitutional offices, and anything in connection with local campaigns.

The CHAIRMAN. Members of Congress?

Mr. SAMISH. Not particularly.

The CHAIRMAN. Well, I know. But I mean——

Mr. SAMISH. We have never made any recommendations on that. We deal principally, Senator——

The CHAIRMAN. Members of the United States Senate?

Mr. SAMISH. No. We deal principally—I don't recall ever making any recommendations of that nature.

The CHAIRMAN. But this letter, Mr. Samish, is all-inclusive. In other words, you are asking the whole industry to follow your direction in the matter, or that of an industry-wide committee.

Let's read the letter a little further:

As the time of the general election, November 7 draws near campaigns of candidates for various political offices and initiative propositions will intensify.

That covers the whole field, does it not?

Mr. SAMISH. Of those things that we are concerned about; yes.

The CHAIRMAN. Well, you didn't limit it to any particular things that you were concerned about.

We urge you make no contributions, make no commitments, permit no solicitation, financial or otherwise, for your support of any candidate or proposition.

In other words, you are telling them not to commit themselves to a State senator, a member of the legislature, candidate for Congress, for the United States Senate, Governor, road bond, or what not; is that correct?

Mr. SAMISH. That's right.

The CHAIRMAN. "An industry-wide committee is now making a careful survey."

Now, that is a committee composed of somebody representing every segment of the liquor and beer and wine industry; is that right?

Mr. SAMISH. Most all of them.

The CHAIRMAN. Most all of them?

Mr. SAMISH. Yes.

The CHAIRMAN. Who was that industry-wide committee? Is that a committee that you dominated?

Mr. SAMISH. Well, I don't say I "dominate" them, Senator. We work pretty close with them. You see, what you have got to consider, if I can break it down a little further——

The CHAIRMAN. I mean, in practical purposes.

Mr. SAMISH. Well, I am trying to do it that way.

The CHAIRMAN. I mean, you seem to be giving instructions about what to do, and then you say "An industry-wide committee" is going to decide the thing. And for practical purposes that will be your decision, will it not?

Mr. SAMISH. Well, no. It would be the decision of that meeting that we called together of all representatives from all the associations.

The CHAIRMAN. And "This committee will report to the industry association of which you are a member."

Will report what?

Mr. SAMISH. The candidates that we have endorsed or recommended.

The CHAIRMAN. Members of the legislature; the State senate; the board of equalization; United States Congress; United States Senators?

Mr. SAMISH. No. We deal only in intrastate, Senator.

The CHAIRMAN. Sir?

Mr. SAMISH. We only deal in intrastate, Senator. Rather, we only deal intrastate.

The CHAIRMAN. Why don't you say so in this letter?

Mr. SAMISH. I don't think it is necessary to go any further. We have national organizations which make representations in Washington and elsewhere which most of our members belong to. You take in my Brewers' Institute; all our members belong to the United States Brewers Foundation of America.

The CHAIRMAN. Have you got a copy of the report which you sent to the industry?

Mr. SAMISH. I will be delighted to make a note and see if I can get one for you.

The CHAIRMAN. Do you have one here?

Mr. SAMISH. No; I haven't. We don't keep those. If I can find out—

The CHAIRMAN. I can see that you don't. I mean we have been trying to get some checks this morning. But you see if you can find it.

Every advantage you now enjoy in California has been made possible because a united industry stood solidly behind its leaders.

Remember: Make no commitments, make no contributions, permit no solicitation on behalf of any candidate or political campaign or propositions.

Sincerely,

ARTHUR H. SAMISH.

Now, the purpose, I take it, of this is so that the whole industry can be behind certain candidates and that all the money can be pooled and used more intelligently. Is that the idea?

Mr. SAMISH. Well, it is our intention out here, which we have done for years, and we make no bones about it. After all, Senator, as an example, in the brewing industry I represent an investment of probably a hundred million dollars or more. And it is our intent to try and find candidates that we think will be liberal-minded, at the same time subscribe to the temperate thinking that we do in order to perpetuate our existence.

The CHAIRMAN. Well, I think the purpose that you have in mind is very well understood. I just wanted to see how inclusive it was. But in answer to my question, then, you would say that your purpose in asking for "no commitments," "no contributions," permitting "no solicitation," was that the committee could make the decision on the candidates to be chosen and then all the money could be pooled, without going out in little dribbles here and there individually for the election of the people that you and the committee decided upon. Is that a fair statement?

Mr. SAMISH. Well, your statement is fair to this extent: that we try to select the candidates that we think will be the most favorable to—

The CHAIRMAN. Well, I wasn't going into the matter of whom you tried to select. I assume that you would try to select the candidates that you thought would be more favorable to what you wanted done. That's natural.



Mr. SAMISH. No, I won't say "what (we) wanted done". Because we don't extract promises from candidates we support. We try to see—

The CHAIRMAN. All right. Do you have anything else? Any other letters? You were going to try to find another report that you made to the industry on the candidates to be supported.

Mr. SAMISH. Well, I am going to try to find that—but I don't think that I will be successful.

The CHAIRMAN. All right, sir.

Mr. SAMISH. I have here a lot of letters, unless you want them, Senator, I would like to just give you a general idea.

During the last World War our industry made every effort to cooperate with the State and Federal officials toward adhering to the wishes of the Army and Navy in connection with things they were concerned about, such as prostitution and closing of licensed premises at 12 o'clock. And I have a great many letters of commendation.

I have one in front of me from the United States Navy Shore Patrol of Los Angeles, under date of October 13, in which they commend us for our cooperation.

I have a letter here from the Allied Liquor Industries of New York, from Stanley Baar, the executive vice-president, and which reads as follows:

Commissioner John J. Sullivan, head of our department of industry self-regulation, attended a meeting in Washington on June 27 called by the Federal Security Agency, at which were present that Agency's fieldmen from all over the country as well as representatives of the hotel, liquor, and brewing industries. I thought you might be interested in the fact that among the reports submitted was that of Mr. Edwin James Cooley, whose headquarters are 785 Market Street, in San Francisco, and is responsible for region VII, comprising Arizona, California, Nevada, Oregon, and Washington.

For your private information, here is what Mr. Cooley had to report: Conditions are good in California, Oregon, and Washington; especially California, due to the cooperation of the representatives of the liquor industry, headed by Arthur Samish. As a matter of fact, Mr. Cooley said the social-protection program had received more cooperation in California from the tavern and liquor industry than from the police and State liquor board. The liquor industry in Reno, Nev., and parts of Arizona; he further reported, were not contributing their cooperation.

I have a letter here from the Federal Security Agency, coordinator of health, welfare, and related defense activities, under date of January 15, 1942, signed by Edwin James Cooley, regional supervisor, Division of Social Protection. The last paragraph reads:

Thank you again, Mr. Samish, for your splendid assistance and support. We are enclosing a copy of the program of the Division of Social Protection which you may find useful. If we can be of help in any other way, please do not hesitate to call upon us.

And I can go on quite a bit, Senator, showing the cooperation that we gave, that is, the industry which I head, during which I directed the policy during the world wars in trying to adhere to the wishes of the Army and Navy.

And I hand you a pamphlet which was issued by the public relations department of the California State Brewers' Institute in 1942, In the Public Welfare, which I ask that you make a part of your record.

The CHAIRMAN. It will be made a part of the record.



(Copy of In the Public Welfare, 1942, issued by public relations department, California State Brewers' Institute, was received in evidence, marked "Exhibit No. 55," and is on file with the committee.)

MR. SAMISH. I have here a letter under date of September 18, 1942, from the State board of equalization, signed by the State liquor administrator, George M. Stout; and I read the last paragraph, which says:

You have done an excellent job for your people. We are grateful to you for your help and advice in these matters, and trust that in the perilous days to come we may count upon your sound judgment to assist us in carrying out our share of the load, toward the end that good government may be preserved, the alcoholic-beverage industry may fully justify the confidence of the people of the United States who have voted for repeal.

With renewed assurance for my admiration and high regard, I am

Yours very truly,

GEORGE M. STOUT, *State Liquor Administrator.*

And I have any number of commendatory letters from State liquor people during World War II.

I have in front of me, Senator, of which I am going to give you a copy, the industry's position (probably I assumed too much in taking leadership, but I have got to admit it), dated, October 6, 1950, to the alcoholic beverage industry of the State of California. I would like very much for you to have this, because this is in line with the creation of your committee Nation-wide, in connection with the proposition that appeared on the ballot in 1950 designated proposition No. 6 (legalizing and licensing gambling). On October 6, 1950, I addressed this communication to the industry:

The alcoholic beverage industry of California has always been liberal in its attitude toward any question of personal liberty enjoyed by the citizens of this State. The industry has never participated in any crusade to foster legislation to regulate the morals of our citizens. However, like other good citizens of California, industry members have never hesitated to take a definite stand on issues which involved good government; the prosperity of our State; the well-being of the general public.

Such issues are involved in proposition No. 6, on the ballot for the general election, November 7.

Proposition No. 6 (legalizing and licensing gambling) is a misleading, vicious, and destructive proposal disguised as a source of pensions for our aged, needy, and blind people.

This proposal was placed on the ballot by a group of professional pension promoters, previously identified with the frequently repudiated "Ham 'n eggs." "Thirty every Thursday," and similar crackpot measures.

Briefly the proposal sets up a new State commission of five members, each with an annual salary of \$10,000, plus expenses, and specifically names the first five commissioners. This commission is granted complete authority over all of its own operations, including expenditures and the employment of any desired number of new State employees, all exempt from civil-service requirements. The commission is empowered to draw from the State general fund any money it deems necessary to supplement gambling revenues to meet the commission's expenditures. The measure appropriates \$6,000,000 from the general fund to finance initial operations.

The commission is authorized to license practically any number of gambling operations of all types. It is empowered to operate its own gambling establishments. A friendly game of bridge, poker, gin rummy, canasta, or casino in your own home would make you guilty of a felony, subject to prison—unless you have a gambling license. No church, charity, or benevolent group could hold a raffle or drawing unless licensed by this commission.

The powers granted the commission by this proposal are so great as to make it virtually a supergovernment beyond any control of the governor, the legislature, or any county or municipal governing body. There could be no appeal from the commission's decisions or actions.

The measure would, in effect, take an administrative function of State government from competent hands, and turn it over, lock, stock, and barrel, to a group of professional schemers.

The CHAIRMAN. You were against the proposal. And let us put that in the record.

Mr. SAMISH. Yes, very much, Senator. Would you like to have the rest of it?

The CHAIRMAN. We will put the whole thing in.

Mr. SAMISH. Thank you very much.

(Copy of letter dated October 6, 1950, to the alcoholic beverage industry from Arthur H. Samish was received in evidence, marked "Exhibit No. 56," and is on file with the committee.)

Mr. SAMISH. Also a letter at a subsequent date, October 30, in which we are opposed to it again and in which we urge our industry members to make no contributions for the promotion of this measure. "Let us bend every effort to defeat the vicious, unsound, and dangerous proposition No. 6." The purpose being that reports were coming to our attention that solicitation was being made to our licensed premises throughout California.

I think that generally, Mr. Chairman, until maybe something else might be developed, is what I have in mind to submit at this time. However, we get out, that is, my office, a weekly report or summary in connection with matters all over the United States on the subject of alcoholic beverages. It goes pretty generally to the industry. And I would like to give you several copies of these.

The CHAIRMAN. Yes; I would like very much to have them.

Mr. SAMISH. For your information and records.

There is one thing, Senator—

The CHAIRMAN. This is a weekly news letter; is it not?

Mr. SAMISH. Weekly news letter. We also get out a publication, that is, our department, called The West Coast Brewer. Here is a copy I would like to have you look over at your convenience.

The CHAIRMAN. Thank you, sir.

Mr. SAMISH. One thing, Senator, I am particularly anxious to tell you something about or offer, and that is—

The CHAIRMAN. Do you have any more letters or pamphlets or magazines?

Mr. SAMISH. I probably have a great many more that I will be glad to mail you.

The CHAIRMAN. Well, you have done a pretty good chamber of commerce job on me on this trip.

Mr. SAMISH. Well—

The CHAIRMAN. These will be put in the record.

(Copies of news letters issued by Arthur H. Samish and associates, dated January 4, January 11, January 18, January 25, February 1, February 8, and February 21, 1951; and copy of The West Coast Brewer, dated February 1951, were received in evidence, marked as exhibits Nos. 57 and 58, respectively, and are on file with the committee.)

Mr. SAMISH. Thank you very much.

The CHAIRMAN. Suppose, before we go on further, we have a 10-minute recess.

The committee will be in recess for 10 minutes.

(Short recess.)

The CHAIRMAN. All right. Tell Mr. Samish to return.

All right, Mr. Samish. Do you have anything further?

Mr. SAMISH. Yes. I did overlook something, Senator, that is immediate that I thought you might like to have.

We have a present session of the legislature at Sacramento that reconvenes March 12, and since you are a visitor in our parts of the country I am going to give you a report which we term a "Digest of bills amending the Motor Vehicle Act or affecting highway transportation" that we send to our industry in California, so you know how we handle that.

The CHAIRMAN. Now let me get this straight. You represent the motor carriers?

Mr. SAMISH. No. That is in connection—let me, if I may—

The CHAIRMAN. But let me get the representation. You do not represent the trucking industry?

Mr. SAMISH. No; that digest, Senator, is for the motor-vehicle division or department of my brewers. In other words, we have a lot of equipment, trucks and other things that run around; so their traffic department ought to know what is in those five-thousand-some-odd-hundred bills that we have at Sacramento. That is a complete digest, as we believe, of all the motor-vehicle legislation.

I also have here what we term "Miscellaneous Legislation and Constitutional Amendment Proposals." It is a digest of the 5,000 bills and constitutional amendments at the present session which I think you would be interested in.

The CHAIRMAN. All right. Thank you.

(Copy of Digest of Bills Amending the Motor Vehicle Act or Affecting Highway Transportation and copy of Miscellaneous Legislation and Constitutional Amendment Proposals were received in evidence, marked as exhibits Nos. 59 and 60, respectively, and are on file with the committee.)

Mr. SAMISH. I also have here the final report of mine, issued on January 26. It is more or less a brief résumé of the session up to adjournment, and it includes a listing and digest of all assembly and senate bills of the California Legislature proposing changes to the Alcoholic Beverage Control Act.

The CHAIRMAN. All right, sir.

(Copy of Listing and Digest of Assembly and Senate Bills Proposing Changes to Alcohol Beverage Control Act was received in evidence, marked "Exhibit No. 61," and is on file with the committee.)

Mr. SAMISH. That will give you a complete digest of everything we are concerned about in the State of California for this session.

In order that you may know how we conducted that campaign in 1948 in connection with local option, we called an industry meeting of all branches of the industry and at that time it was decided that we should advise the 43,000 licensees in California to permit no solicitation or make any contribution. I felt after years of experience, Senator, that in going through many a campaign prior to prohibition—as I said, I have been in this business I guess over 35 years, almost 37 years, as a page, baby, around the legislature. I was connected with the industry prior to prohibition. I had quite an education. I was manager of the old California Wet Federation before



prohibition. Constantly seeing things go on in those days gave me somewhat of an experience, I believe. So I decided in this last campaign of 1948 that in order to protect our industry, that there would be no criticism, that there would be no misunderstanding, we would advise the 43,000 outlets through our different organizations, after a mass meeting, to make no solicitation or permit any contributions. We felt that the brewers, the manufacturers, the big people in the business, should pay the bills.

With that in mind, we selected an advertising agency, which came up in the records here the last day or so, and that agency was to deal with three subjects primarily: Billboards, newspaper, and radio advertising.

I want to correct the thought that you had in mind, that we might have taken any signs and placed them in taverns. I decided, because of experience—and pretty well sold it to the industry throughout—that we use three things: Radio, billboard, and newspaper advertising.

I feel, in an over-all campaign such as we conduct in California, in dealing with 3 or 4 million voters, that you have got to try and develop a cycle or reasons and substantiate them by merchandising to the public.

One thing, Senator, that I want to say, and then I conclude temporarily: That we in California, that is, the beverage industry, have an amendment to our constitution in the State of California with respect to our 58 counties that provides that no township, municipality, city, or county can vote a local option prohibition unless the majority of the voters at a State-wide election so decide. In other words, in the State of New York you have certain sections that are dry, in the State of Ohio certain sections, certain sections dry in the State of Illinois; in fact, in the city of Chicago you have certain precincts dry; and, likewise, throughout the United States. We are the only State in the United States, Senator, that has a provision in our constitution whereby a majority of the voters at a State-wide election must decide before any local option or prohibition matters can be voted or in any township, municipality, or incorporated area.

I would also like to say this for the record: that it is my personal desire to cooperate with all law-enforcement agencies. I have never put a personal appearance before the State board of equalization. With rare exception—with rare exception (there might be a misunderstanding here or there)—do I intercede for a licensee. I take the position that we made a sufficient number of licensees, that they should live up to the rules and regulations of the law. And I am proud to say that I believe since repeal that we have never had a blemish, irrespective of cranks and others that may report or complain about the activities of the personnel of our State board or any of its members. We, the industry, have always been instrumental in trying to persuade upon people that are responsible the importance of seeing that local control officers receive salaries commensurate with private industry. We are most anxious that a career be made out of it instead of a racket. We think that they are entitled to all of the excellent things we enjoy in America as private-industry employees enjoy. And that goes for their families and their kiddies. Consequently, as far as I am concerned I make no appearances before the State board, never have; and I intercede, with very rare exceptions, in something that I feel is a misunderstanding or can be corrective as far as our industry is



concerned. I do that because I don't want any reflection, because of the fact particularly that I am subject to terrific criticism by the so-called drys and fanatics and some other people who might think that Samish has too much influence in certain quarters or because of misunderstandings that might appear in national publications or otherwise.

However, Senator, I want to be honest, in saying that I read certain portions of the record of your Los Angeles hearing, and also heard it on the disc, in reference to one particular matter that I want to exploit a little, if I may have your permission—which I am sure I will.

The CHAIRMAN. Go right ahead.

Mr. SAMISH. At that time in Los Angeles you had as a witness, like myself, one Howard Philbrick. That was something that happened in 1938 that I am going to ask your indulgence and I am going to leave with you.

Howard Philbrick at the time was an investigator, so-called—was investigator who supposedly worked for Edwin Atherton and Associates, who were employed at the time by the district attorney of Sacramento in connection with a resolution adopted by the legislature, and who supposedly finished the job after it was presented to the grand jury and after the grand jury's report. It somehow seems that we engaged in those years in a political misunderstanding between a gentleman named Gov. Frank F. Merriam and one Art Samish. Governor Merriam at the time was Governor of the great State of California and I was one of his staunch supporters. We had a misunderstanding that came about because of a conference we held in which myself, representing a part of the industry, felt that the liquor-control officers should receive an increase in pay if and when legislation could be put over, and he felt to the contrary and didn't think that he could support or sign a bill of that kind. Consequently we got into a very personal and bitter denunciation of each other. And he came up for election, and after Mr. Philbrick's employment terminated he was retained by this Governor Merriam, with funds paid out of his private fund, for the purpose of, as I understand it, harassing one Arthur Samish, and finally completing a report which he submitted to the Governor who defeated him: namely, Governor Olson.

So in that connection, Senator, and because of your high commendation, as I understand it, in your reference to the job that Mr. Philbrick did in compiling this report, and the mystery of the whereabouts of the report that was compiled and printed, and wherein you asked him if he was a former FBI agent, I would like to ask for the record that you be sure to refer to, and I am sure you can—you have the position to do it—and learn something more about Mr. Philbrick before you get too serious or too entertained with that gentleman's private report to Governor Merriam.

In addition to that, I am going to leave with you, Senator, a copy of the Journals of the Senate and Assembly, California Legislature, Fifty-third session, January 29 up to and including December 5, 1940. And I call your attention to page 337 of that journal, wherein it quotes the House Resolution No. 46, creating a committee to investigate interference with the legislature.

I also call your attention to page 359, House Resolution No. 49, increasing membership on the investigating committee from five to seven.

I also call your attention to page 757, House Resolution No. 104, relative to resignation of one H. R. Philbrick.

I also call your attention to pages 870 and 871, Report of Assembly Investigating Committee on Interference With the Legislature.

I also call your attention to pages 874 and 875. And I would like to just read one line there, if I may. The committee of the legislature said:

By drawing on the emergency fund for replenishment of the secret fund, an entirely new device, Governor Merriam was able to employ Philbrick for the purpose of making an investigation during the political campaign of 1938.

I further quote from page 875 of the Assembly Journal of May 24, 1940:

This investigation covered every corner of the State.

With the close of the Sacramento County grand jury and the making of its final report, Philbrick remained unsatisfied with the official work of the jury and presented his own report (the Philbrick report) to Governor Merriam. This report Governor Merriam refused to make public. The report, however, was publicized by Governor Olson.

I further quote from page 875:

Having thus learned the method of extracting money from the State of California without being on the State's payroll, Philbrick alined himself with Governor Olson and continued to make private investigations during the year 1939 for which he apparently was paid from the Governor's fund in the same manner that he had been paid during the Merriam administration.

This witness attempted from the start to sabotage the investigation of this committee (meaning the house committee of the legislature).

And I further quote from page 885, in order to be thoroughly fair in my direction of your attention to these facts, the minority report signed by one member, and their reply in connection with their investigation of Mr. Philbrick, who was finally, as I understand it, requested to leave the State employ by Governor Olson if they should find that one Mr. Philbrick placed a dictagraph in the bedroom of the speaker of the assembly, Mr. Garland. That was admitted. And finally Mr. Philbrick left the State employ.

I call that to your attention, Senator, so you will have all of the facts—

The CHAIRMAN. May I see the record?

Mr. SAMISH. In connection with what you learned about the gentleman in southern California, and in order that, as you stated you were going to see that the Philbrick report was included in your report, which would become a public document, I would like to just be sure that this transcript covers those things that I call to your attention, Senator.

I have here some more quotes. It is just a compilation of things that we tried to get together when we learned about this in Los Angeles and your willingness to have this report republished again—which is entirely all right.

The CHAIRMAN. Well, Mr. Samish, one question about the report. You have discussed the making of the report and what happened to Mr. Philbrick. The testimony down there was that in the printing of the journal, whereas the report was sent on April 3, 1939, by Governor Olson to the members of the senate and the assembly, however, on motion, the report was not printed in the senate journal. Is that correct?

Mr. SAMISH. Oh, I don't know that.

The CHAIRMAN. I mean, it was printed once. Then when it was reprinted, the report was left out.

Mr. SAMISH. I don't know about that.

The CHAIRMAN. That is what I believe.

Mr. SAMISH. Yes; I don't know anything about that.

The CHAIRMAN. That is what I believe the journal shows.

Mr. SAMISH. I don't know anything about that, Senator. The procedure of the legislature is something of their own and whatever happened as far as the presentation of it is concerned.

The CHAIRMAN. You would not have had anything to do with that?

Mr. SAMISH. No. That I have nothing to do with.

The CHAIRMAN. Yes, sir.

Mr. SAMISH. However, let me conclude by saying this, Senator, and I want this for the record: As I understand it, Philbrick was told to resign or be fired by Governor Olson. In accordance with Olson's previous statement to the committee that should they substantiate the fact that he was responsible for placing the dictagraph, Philbrick would have to get out. Philbrick was not hired as a result of action by the legislature. He was hired by Governor Merriam. The committee report says, page 875:

By drawing on the emergency fund for replenishment of the secret fund, an entirely new device, Governor Merriam was able to employ Philbrick for the purpose of making an investigation during the political campaign of 1938.

The committee report says, page 875:

With the close of the Sacramento County Grand Jury and the making of its final report, Philbrick remained unsatisfied with the official work of the jury and presented his own report to Governor Merriam. This report Governor Merriam refused to make public. The report, however, was publicized by Governor Olson.

So I hand you, Senator, in order that you may have a complete record, without too much research and in order to facilitate matters for you, a copy of the Los Angeles Examiner dated Saturday, March 16, 1940, and which describes three pictures of Mr. Philbrick. It says:

Howard R. Philbrick, who yesterday freely admitted employing two investigators who placed dictagraph bug in Garland Hotel suite.

I hold those up so you can see them. If you want them, you may have them. Otherwise I would be glad to have them. They are memoirs to me.

The CHAIRMAN. All right. I see them.

Mr. SAMISH. O. K. And subsequently left the State employ.

I am very much concerned about this matter, because I haven't had much opportunity, and I have been looking for it for years, to express my views in connection with the Philbrick matter, Senator. And if you will permit me, on June 16, 1944, I addressed a letter to H. J. Charles, president of the United States Brewers Association, of St. Paul, Minn. If I may, I think it is very important, if you will permit me, just to read it very quickly.

The CHAIRMAN. Go right ahead and read it, sir.

Mr. SAMISH. It reads:

In view of the many problems inherent in the conduct of the brewing industry, I have become convinced that the supreme present necessity is constructive



action upon the part of those charged with the responsibility of representing the industry.

It seems obvious that the trend in many areas toward local option—and possibly prohibition—will be accelerated instead of arrested and reversed if the principal objective of representative agencies is mutual discrediting and destruction.

I want you to know that we of the west coast—notwithstanding any differences of the past—stand ready to cooperate with you and your association for the benefit of the industry on all constructive measures.

Perhaps, as a predicate for such cooperation, it would be well, that dispassionately and on a factual basis, I should deal with and dispose of certain reports and attacks which have been given currency by Mr. Donnelly in a campaign intended in large measure to discredit the undersigned.

Frankly, may I say at the outset that had I been permitted to choose the ground to prove our status in California, I could not have chosen better than Mr. Connelly did unwittingly.

In substance, Gov. Frank F. Merriam in 1938 was confronted with a serious attack upon his administration arising from many questionable transactions, not the least of which was the administration of very valuable oil lands owned by the State. Men very close to Merriam were involved.

Governor Merriam sought to create a diversion. Acting through his private secretary, Mark McGladdery, he formed an alliance with District Attorney Babcock, of Sacramento County.

Merriam, McGladdery, and Babcock then employed a private detective named Philbrick, and appropriated money from the Governor's emergency fund to finance a so-called grand jury investigation of lobbying practices at the State capital.

Merriam had always been politically a prohibitionist, and the undersigned for this and other reasons was a natural target.

There was no secret about the investigation. In fact, it furnished newspaper headlines for quite a period.

The most disreputable methods were utilized by Governor Merriam, McGladdery, Babcock, and their detective (meaning Philbrick), including the use of dictaphones, and the subpoenaing of income-tax returns to secure some evidence to smear somebody.

The Sacramento County Grand Jury refused to be a party to the scheme, and Merriam's diversion failed.

The aftermath is both interesting and instructive.

Governor Merriam sought reelection. The record of his administration was so malodorous he was defeated overwhelmingly.

Before retiring, Merriam appointed Mr. McGladdery a judge of the superior court for Alameda County. The judges of that court refused to sit with McGladdery.

Instead of qualifying as a judge, Mr. McGladdery was indicted on charges of graft, convicted and sentenced to prison. On his release he entered the Army, and is now under conviction by a military court for desertion.

District Attorney Babcock has been retired to private life by the voters of Sacramento County.

I do not recall what became of their private detective.

Perhaps you would be interested in the testimony given by many witnesses before the grand jury. Some excerpts are enclosed, also some newspaper comments.

May I repeat my assurance of a very deep respect for yourself, and for your organization and membership.

As stated at the outset, I am convinced that we are confronted with problems which will require serious thought and constructive action. Because of this conviction, I thought it worth while to give you the facts herein contained.

With all good wishes.

Signed by myself.

And attached to that letter, Senator, I quoted from the testimony of Mr. Schuster, president of Acme Brewers and president of the California State Brewers Institute at that time, which read:

We are all brewers and we are interested in our own companies. All our time is devoted to the conduct of our business. What time we have to give to this association work of public relations is very limited. We don't find time



to devote a lot of attention to it. We must have counsel, and the brewers divided on Mr. Samish to handle the matter for them. They have every faith and confidence in his ability and his honest, and have turned the entire matter handling that phase of it, over to Mr. Samish.

I also quote from the testimony of Maj. Gen. Paul B. Malone, administrator of the California State Brewers Institute at that time, and which reads as follows:

The public relations department of the California State Brewers Institute was created and operates for the benefit and advantage of the malt beverage industry and for all brewers, distributors, wholesalers, and retail licensees in the State of California, and not for the benefit of any particular group or class of licensees. It investigates, reports upon, and makes recommendations to the board of directors with regard to all matters which affect the welfare of the industry. Specifically, the public relations department investigates and makes recommendations upon amendments to the Constitution of the State of California and all bills pending in the Congress of the United States and bills pending in contiguous States relating to or affecting beverages, and represents the institute in hearings on various proposals in the State legislature pursuant to its contract. It conducts campaigns against local options and advises on issues such as alcoholic beverage control measures. The public relations department works for the stabilization of the industry through the adoption of codes of fair competition, of fair trade practices. I would say that without the assistance of the public relations department the brewing industry in the State of California would be in a most serious position in view of the numerous matters that are before the State legislature and before the State—matters of initiative or referendum and taxes, through which, without examination on our part, might utterly destroy at least a portion of the industry.

In addition to that, Senator, I have before me an editorial on the front page of the Sacramento Union of December 19, 1938, and I read one excerpt from this article:

The investigation could best be described as a smearing expedition.

I have before me a copy of a photostat of an article that appeared in the Ventura County News of Friday, June 21, 1940. It goes on with a long story, copy of which I will give to you for your record and file.

And I have also a copy of an article which appeared in the Ukiah Republican Press in August 1940. A great many portions are underlined, and I will give it to you.

Also a copy of the editorial, September 5, 1940, regarding myself; and another copy of an article in the Sacramento Union, November 7; plus an article of Friday, May 3, 1939, from a very famous writer, Mr. Arthur Caylor, of the San Francisco Daily News.

I hand that to you, Senator, for your record and information.

The CHAIRMAN. All right. Thank you, sir.

Mr. SAMISH. I appreciate very much, Senator, the opportunity in getting before some public group or body those references to Mr. Philbrick, whose report I have heard about so famously since 1938. And if I was looking for any new business—

The CHAIRMAN. Well, we are glad to have you make any explanation that you want about it and to have these reports.

Now, do you have anything else there that you want to submit?

Mr. SAMISH. Not at this time. I might a little later as we go along.

The CHAIRMAN. Now then, tell us about how the California Brewers Institute operates.

Mr. SAMISH. You mean my end of it? In connection with my contract?

The CHAIRMAN. Yes; that's right; your contract.

Mr. SAMISH. Why, as you know, I have a contract with the California State Brewers Institute, for which I receive the sum of \$30,000 per year. As I understand it, Mr. Koehn each month, as the barrelage figures come in, in accordance with that contract levies an assessment of 5 cents a barrel against every one of the signing members. That fund is accumulated.

You mentioned the fund runs around a million dollars. I just want to say that you must cut it down. I think it may average around one hundred and forty to one hundred and fifty thousand a year. You must deal with that figure. That other big figure—million dollar, nine hundred and thirty-five thousand—sounds quite high.

The CHAIRMAN. I think that that is what was paid in in a 9-year period.

Mr. RICE. Six years.

The CHAIRMAN. Six-year period.

Mr. SAMISH. The fund runs around one hundred and forty to one hundred and fifty thousand dollars a year. I like to deal with that smaller figure.

The CHAIRMAN. Yes, sir.

Mr. SAMISH. Because, after all, we have a hundred-million-dollar industry. And I think when it is broken down, you will see that the amounts that we spend are quite small. Of the amounts that are collected, I think our records will finally show, which, as we explained today—at least if they didn't, I will so explain now. We are going to try to build those records up for 10 years. And we have no hesitancy in cooperating by giving you a complete record of them, showing the payments to the different individuals out of that fund by the month, by the year, which in my opinion will total at least 50 percent—maybe a little more, maybe a little less—of that fund which would entitle my contributing members to make that 50-50 deduction.

The CHAIRMAN. Now, you say you are going to build up the records for the past 10 years.

Mr. SAMISH. Well, what we have got to do, as I understand it, Senator—I learned this morning that if we request the bank, and I guess we will pay for it and we will be very happy to—the checks are drawn on the Crocker Bank, will have to be traced back to the depositing bank, and from there photostats will be made. And we'll have a complete record within a very short time, or as quickly as we can get it, of the entire 10 years.

The CHAIRMAN. Now, Mr. Samish, right at that point. Why should it be necessary to have all the checks microfilmed? If you gave a check to the Arlington Hotel in Hot Springs, you would have to go to Arkansas and have the check microfilmed there where it was deposited. Checks go all over the United States. The Crocker Bank doesn't microfilm checks that are drawn on it. They are put on a deposit slip and sent over to somebody's office.

Mr. SAMISH. Well, I don't believe you will find any of our State brewers' checks deposited all over the country, though, Senator.

The CHAIRMAN. I am talking about checks drawn on the account.

Mr. SAMISH. What I am saying, I am trying to explain that to you: I don't believe that you will find checks drawn on the Califor-

nia State Brewers public relations account or X fund, or whatever you want to call it, are all over the United States.

The CHAIRMAN. Then just assume that they are deposited. But if you should give John Jones a check, you can't tell where he is going to deposit that check. He might deposit it in Tennessee, New York; he might cash it anywhere in the country.

Mr. SAMISH. Well, we don't do that. Let me just say this: I don't think that that—

The CHAIRMAN. What I mean is, Why has it gotten to a situation where you have to go back and reconstruct the books for the past 10 years. Where are the present books, sir?

Mr. SAMISH. I couldn't tell you that.

The CHAIRMAN. That is what we want to know.

Mr. SAMISH. I couldn't tell you that.

The CHAIRMAN. Why don't you have some? Let me say that your personal books are in immaculate shape, according to Mr. Amis.

Mr. SAMISH. Well, I want to thank you for that.

The CHAIRMAN. Why should it be necessary to go back and have to reconstruct the whole account? Isn't an account kept as you go along?

Mr. SAMISH. No. As I understand it, Senator, and let me say this (this is a willingness to cooperate, and let's not be critical of it): 1. You asked me to explain it away. That assessment is levied against the contributing brewers. That money comes in, as I understand it, to Mr. Koehn, who deposits it. Now, checks are drawn against that fund at my request—

The CHAIRMAN. That's right.

Mr. SAMISH. My request; signed by three members of the brewers in accordance with the contract of 1935, and the expenditures are approved at the following annual meeting by a majority of those present.

Now, in that connection you have records, I think, that date back a year and a half. You have records, I think, they turned over to you this morning for the last year and a half, about a year and a half; and they will show the general trend of where the money goes, whom it is paid to and how it is used. And I will be delighted to explain any of those.

Mr. RICE. Perhaps you can help if we do it this way, Mr. Chairman: Let's take a sample item and carry it through and see if it can be explained.

Taking the first item in 1951, which I think is a check, No. 272, drawn to Edie's—E-d-i-e-'s—Florist for \$237.26. Now, sir, we take it from that that something has been run up at a florist shop. Who would run up the bill at the florist shop?

Mr. SAMISH. Well, let me say this, Mr. Rice. Rice?

Mr. RICE. Yes.

Mr. SAMISH. In that connection—I have been in this business a good many years—people pass on. Now, in southern California, that's a very easy voucher to check. You will find, I am sure, that—well, I am just thinking. A floral piece went to Lou Clayton, who happened to be Jimmy Duranty's—

Mr. RICE. Yes.

Mr. SAMISH. I mean, floral pieces to people.



Mr. RICE. I am not checking what the flowers are for. I am interested in how the transaction would arise. Who would order the flowers?

Mr. SAMISH. Well, upon learning of a misfortune——

Mr. RICE. Yes.

Mr. SAMISH. I would order it or I would have the southern California office. Mr. Jasper works for the institute.

Mr. RICE. Yes.

Mr. SAMISH. He is authorized, if somebody passes on.

Mr. RICE. All right. Now take a case where you would order the flowers. You would call up the florist shop yourself and order the flowers?

Mr. SAMISH. Either myself, Mr. Jasper, or somebody, and we just——

Mr. RICE. And they would then render a bill in what name?

Mr. SAMISH. To the State Brewers' Institute.

Mr. RICE. To the State Brewers' Institute?

Mr. SAMISH. Right.

Mr. RICE. Then the bill would come in?

Mr. SAMISH. Right.

Mr. RICE. And I take it a check would be drawn by Mr. Baker or——

Mr. SAMISH. No. Let me explain it, please. If a statement came in from that florist for X number dollars, we accumulate maybe a half a dozen, 10 or 12, 15, or 20 of them; and we would call Mr. Koehn, whose office is in the institute——

Mr. RICE. Yes.

Mr. SAMISH. And ask him to "draw checks for the following."

Mr. RICE. All right.

Mr. SAMISH. Now, those checks are made out and signed by those three members, returned to us, and they are paid.

Mr. RICE. They send the check over to your office, then?

Mr. SAMISH. Either direct—I don't know that. The bill is paid.

Mr. RICE. When it gets back to your office, it is mailed out. Now then, what becomes of the bill?

Mr. SAMISH. The bill—I don't know what becomes of the bill. Probably it goes in the wastebasket, or else it might happen this way: At the end of the month—at the end of the month Mr. Koehn will go to the bank and get a statement, and he'll have the cancelled checks.

Mr. RICE. All right. That will be a bank statement which will have the deposits and the disbursements?

Mr. SAMISH. Right.

Mr. RICE. And the canceled checks?

Mr. SAMISH. Right.

Mr. RICE. What became of the bill, though?

Mr. SAMISH. Well, the bill—I don't know what becomes of the bill.

Senator KEFAUVER. Mr. Samish, you have kept an awful lot of letters here and it looks like, in fairness, that you would keep some of the bills and some of the financial transactions.

Mr. SAMISH. Well, the bill to me is not important, Senator, if it is paid.

Senator KEFAUVER. I see it isn't. But it might be important to somebody else.

Mr. SAMISH. Well, then we will have to get duplicate bills.



Senator KEFAUVER. How are you going to get duplicate bills when you don't have checks to tell whom you have paid money to?

Mr. SAMISH. Well, we must have a record. He called that particular one to our attention.

Senator KEFAUVER. I know. I am talking about 2 years ago.

Mr. SAMISH. As I said before, we are going to request the bank to give us a photostat of all the checks for the last 10 years, and we'll build up a complete set of books for you.

Now, those canceled checks and statements are sent by Mr. Koehn over to my office by mail.

Mr. RICE. Yes.

Mr. SAMISH. Now, they come to me—the canceled checks and the statement.

Mr. RICE. Yes. So you have the canceled checks and the statement?

Mr. SAMISH. So I have the canceled checks and the statement.

Mr. RICE. And then what?

Mr. SAMISH. Well, I do one of two things: I may look them over, if I have time to or if I feel inclined to, or I may throw them in the basket. I certainly don't keep them.

Mr. RICE. So these checks are written on an account over there, and they keep the checkbook and stub over there?

Mr. SAMISH. That I couldn't tell you, whether they keep the checkbook and stub over there. I have never been over there.

Mr. RICE. We can assume, can we not?

Mr. SAMISH. We can assume anything, Mr. Rice, but I want to be factual with you and honest.

Mr. RICE. You send the checks, they come over, and you may throw them in the wastebasket?

Mr. SAMISH. That's right.

Mr. RICE. Are they your checks?

Mr. SAMISH. I don't know whose checks. No, they are not my checks.

Mr. RICE. Then you are destroying institute checks, aren't you?

Mr. SAMISH. I wouldn't say so.

Mr. RICE. What would you say?

Mr. SAMISH. I would just get rid of them; get them out of the way.

Mr. RICE. But they are not your checks.

Mr. SAMISH. They send them to me. They must have a reason. They must want me to look them over. They don't even have to send them to me.

Mr. RICE. They don't have to?

Mr. SAMISH. I am not concerned about the checks.

Mr. RICE. Why do they do it, then?

Mr. SAMISH. Why? I couldn't give you the answer.

Mr. RICE. I notice here what amounts to an analysis of checks per month, apparently drawn up on a typewriter, and these were received from your accountant. Is that done at your direction?

Mr. SAMISH. What do you mean "my accountant"?

Mr. RICE. Mr. Hoertkorn.

Mr. SAMISH. No. Mr. Koehn makes out that.

Mr. RICE. Mr. Koehn makes out this list?

Mr. SAMISH. That's right.

Mr. RICE. Mr. Koehn makes out this list?

Mr. SAMISH. That's right.

Mr. RICE. And he is over in the institute office?

Mr. SAMISH. That's right.

Mr. RICE. Then how did it come in the possession of your accountant?

Mr. SAMISH. How did it come in the possession of my accountant?

Mr. RICE. These things that he produced today.

Mr. SAMISH. I have been looking for records all the time. I want to give you everything we can find.

Mr. RICE. Yes, sir.

Mr. SAMISH. If we can find any more we are going to give those to you.

Mr. RICE. Then how did Mr. Hoertkorn get these today?

Mr. SAMISH. Those records?

Mr. RICE. Yes.

Mr. SAMISH. I found them myself.

Mr. RICE. You found them yourself?

Mr. SAMISH. Yes.

Mr. RICE. Where did you find them?

Mr. SAMISH. I found them around the office. I sent for them. I found them around the office. My secretary doesn't happen to be there. Maybe I can find more records.

Mr. RICE. You found them in your office, then?

Mr. SAMISH. Yes. In fact I asked for those, and they were brought over.

Mr. RICE. What is the purpose of making this analysis?

Mr. SAMISH. The purpose of that analysis I really don't know. The analysis is simply a statement of receipts and disbursements.

Mr. RICE. A statement of receipts and disbursements?

Mr. SAMISH. Yes.

Mr. RICE. And you say that Mr. Koehn makes this up?

Mr. SAMISH. That's right.

Mr. RICE. I notice this is a carbon copy. Where does the original go?

Mr. SAMISH. The original comes to me.

Mr. RICE. The original comes to you?

Mr. SAMISH. With the canceled checks and the statements.

Mr. RICE. So he makes up a statement—the original—and the canceled checks and a statement. Now, then, what becomes of the original analysis sheet? Do you file those?

Mr. SAMISH. No. I take the original analysis, so-called, and I take the recapitulation, the bank statement, and I take the canceled checks—and I throw them in the wastebasket.

Mr. RICE. Yes, sir. All right, sir. I notice as part of your contract, referring to the 1935 contract—which I take it has been renewed annually down to date; is that correct?

Mr. SAMISH. Yes, sir.

Mr. RICE. Reading from the bottom of page 4, paragraph F:

It is expressly agreed that in the event it becomes necessary for—and I will insert your name instead of "the party"—

Samish—

Mr. SAMISH. Where is that again? So I may follow you.

Mr. RICE. At the bottom of page 4, paragraph F.

Mr. SAMISH. Yes. Go ahead, Mr. Rice.

Mr. RICE. I am going to skip some of this. I don't think I will skip anything that is pertinent.

It is expressly agreed that in the event it becomes necessary for (Samish) \* \* \* when performing the duties \* \* \* to \* \* \* incur an expense, then (Samish) shall have no authority to \* \* \* incur such expenditures until the (institute) shall have authorized the same.

Now, sir, how do you reconcile that with a statement that you made about ordering the flowers?

Mr. SAMISH. Well, I just do it.

Mr. RICE. You just do it?

Mr. SAMISH. That's right.

Mr. RICE. So that is it fair to say, then, that you don't adhere to the letter of the contract?

Mr. SAMISH. Well, maybe if I don't adhere to the letter of the contract they should fire me.

Mr. RICE. Yes. And perhaps you have breached the contract, too. Would that not be true?

Mr. SAMISH. I haven't even given that any consideration, Mr. Rice.

Mr. RICE. You don't give that any consideration?

Mr. SAMISH. The contract itself?

Mr. RICE. Yes.

Mr. SAMISH. As to what I shall do?

Mr. RICE. Yes.

Mr. SAMISH. I have a job to do and I do it the best way I know how.

Mr. RICE. And you don't pay any attention to your contract?

Mr. SAMISH. I really haven't read it for years, until this situation developed here.

Mr. RICE. All right, sir.

The CHAIRMAN. Well, I think the record shows that Mr. Hamilton and all these people said that the fund is there for Mr. Samish to spend; and whatever he decides he wants to spend it for, they write the check, and they have never questioned it. So that is about the deal.

Mr. RICE. That's right.

Now, it goes on further here to say that when a check is drawn in this manner, then it shall be reported by "the party of the first part," Samish, to the institute. Now, what does that mean, it "shall be reported"?

Mr. SAMISH. Read that. Where does it say that?

Mr. RICE. That's line 4 on page 5.

Mr. SAMISH. Line 4 on page 5?

Mr. RICE. Yes.

Mr. SAMISH. Where does it say that, Mr. Rice?

Mr. RICE. All right. We are talking about these expenses, then. "\* \* \* then the same shall be paid"—I am reading at line 2 now.

Mr. SAMISH. Yes.

Mr. RICE. "\* \* \* by the said party of the second part"—that's the institute?

Mr. SAMISH. Yes.

Mr. RICE. "To (Samish) the party of the first part by check"——

Mr. SAMISH. Yes.

Mr. RICE. "And shall be reported to the parties of the third part." That is again the institute, or the brewers?

Mr. SAMISH. That's right. That's right.

Mr. RICE. Now, what about this "report" that they are talking about?

Mr. SAMISH. That's up to the institute.

Mr. RICE. That's up to the institute?

Mr. SAMISH. Yes, sir. And they do that at the following annual meeting, I presume.

Mr. RICE. All right, sir. How do they get the report together?

Mr. SAMISH. I don't work on that end of it.

Mr. RICE. You don't work on that end of it?

Mr. SAMISH. No.

Mr. RICE. Well, now, we have here some items: For instance, in October 1950, a check for "cash" for \$15,000. What sort of a report are they going to make on that?

Mr. SAMISH. Well, I guess they will make a report that a check for 15 thousand, plus much more or anything else that was drawn at the time.

Mr. RICE. Then they will make a report and say that a check for \$15,000 cash was withdrawn?

Mr. SAMISH. Let's put it this way. Let's treat it in its entirety. During that period—what particular month is that?

Mr. RICE. That is October 3, 1950. There is a "cash" check for \$15,000.

Mr. SAMISH. Well, during that time, I don't know, I think there would be many more "cash" checks than that drawn during that period. You see, in California, Mr. Rice, so you may know, our primary election period was changed from August to June, and our general elections are in November. And it's the intent and purpose of the Brewers' Institute to try and see that good, honest, outstanding officials that subscribe to the temperate use of beer, wine, and spirits and other things are returned to office.

Mr. RICE. Yes, sir.

Mr. SAMISH. And we expend money in that connection.

Mr. RICE. And where does the money go, sir?

Mr. SAMISH. It is expended.

Mr. RICE. It is expended?

Mr. SAMISH (nodding affirmatively).

Mr. RICE. And what does that mean?

Mr. SAMISH. Well, it is expended in connection with campaigns.

Mr. RICE. And who gets it?

Mr. SAMISH. Who gets what?

Mr. RICE. Who gets the \$10,000?

Mr. SAMISH. The cash is handled through me.

Mr. RICE. You get the cash, then?

Mr. SAMISH. Yes.

Mr. RICE. And what do you do with the cash?

Mr. SAMISH. We spend it. Make contributions and distributions.

Mr. RICE. Yes. For instance——



The CHAIRMAN. Mr. Samish, just a minute. When you get this recapitulation of what you should have kept a long time ago and haven't kept through all these banks, it is going to show a \$10,000 check. But still how is that going to be a recapitulation of what it was spent for?

Mr. SAMISH. Well, Senator, if you treat the thing as I see it, in fairness, in its entirety, if that fund collects, we will say, the one hundred and fifty thousand or one hundred and forty thousand a year, and we take 50 percent of it or less and expend it for campaigns or contributions, we do the same as the "drys" do. We spend a very small amount commensurate with the hundred million invested in our business. And the X brewery makes a contribution of a dollar, only 50 percent of that is deducted; the other 50 percent they pay a tax on.

Mr. RICE. Well, sir, we are not arguing policy with you. We are trying to find out where the money went, physically; whose hands it got into.

Mr. SAMISH. Well, it comes into mine.

Mr. RICE. And then where does it go from yours?

Mr. SAMISH. It is given in contributions.

Mr. RICE. To whom?

Mr. SAMISH. To different campaigns.

Mr. RICE. Name one.

Mr. SAMISH. Well, I don't keep a record of that. I would be glad to see if—to see if I can find it for you.

Mr. RICE. Now, sir, take a hypothetical case of a campaign for Joe Doaks. You take a liking to Joe Doaks, who is running for the legislature, shall we say. Now, how would you handle that contribution to him?

Mr. SAMISH. Well, what we would do, we more or less—

Mr. RICE. The money is in your hands.

Mr. SAMISH. Just a minute. You asked a question.

Mr. RICE. And you have got to take care of Joe Doaks?

Mr. SAMISH. We do it better than that, Mr. Rice. I'm sorry; I haven't got a list. But in California we have 80 members of the assembly, we have 40 in the senate. Twenty in the senate come up for reelection every 2 years. You have your constitutional officers and you have a great many local councilmen and other things throughout the State of California. And we take a look at the over-all picture from the Oregon line to the Mexican border, and we decide just in the interest of our industry a survey should be made to determine the candidates who are aspiring for these offices, and we go out and we make a pretty thorough check on the thing, after which we decide to probably send money, within our industry or otherwise, billboards and channels, to see that they are elected—having in mind that, as I say, they are temperate in their thinking and will not take the program of the drys.

Mr. RICE. Now you have got to the point where you have selected someone who is preferred, and you have \$10,000 in your and in cash. What do you do with the money?

Mr. SAMISH. Well, we spend considerably more than ten thousand.

Mr. RICE. Let's just take this one item of \$10,000.

Mr. SAMISH. Well, as I say, we have a list of candidates and campaigns from the Oregon line to San Diego.

Mr. RICE. How do you put the money into the campaign?

Mr. SAMISH. Well, we try to devise—we try to understand ourselves the kind of campaigns they are conducting or the candidates who have committees and things of that sort. We spend it very legitimately.

Mr. RICE. You spend it very legitimately?

Mr. SAMISH. And so far, very successfully.

Mr. RICE. Where would \$1 of it go? Tell me the recipient of \$1 out of the ten thousand.

Mr. SAMISH. Well, it would go to those committees that I speak of.

Mr. RICE. It would go to a committee?

Mr. SAMISH. Yes.

Mr. RICE. What committee would that be?

Mr. SAMISH. It would be to the committee handling the candidates, or we may spend it ourselves.

Mr. RICE. That is, his campaign committee?

Mr. SAMISH. Yes. Or we may spend it ourselves.

Mr. RICE. If it went to a campaign committee, would it go to an individual in a campaign committee?

Mr. SAMISH. I don't know. I would have to check that. I have no record.

Mr. RICE. Now you have the money in your hand; you have \$10,000; you are going to give it to the campaign committee. How do you do it?

Mr. SAMISH. I handle it. I have been doing it for a great many years.

Mr. RICE. Do you handle it in cash?

Mr. SAMISH. Well, we pay bills sometimes. Sometimes we may handle it in cash.

Mr. RICE. What is wrong with writing a little check to the campaign committee?

Mr. SAMISH. I tell you what I decided, Mr. Rice, after this situation: I told Mr. Hoertkorn, for your information, starting March 1, everything in that fund is going to be by check.

The CHAIRMAN. May I ask a question at that point?

Mr. Samish, just looking here at one month—for instance, in May of 1950—you have “contributions, \$10,000,” “\$10,000,” “\$10,000,” “\$10,000”—four of them definitely marked “contributions” there; others here, “liquor,” and somebody is a trustee, and “Louis Lurie Co.”—I guess that is printing. But anyway, there is \$40,000 in “contributions” that I assume that you handle by paying some bills or giving to the candidates, or whatever it may be.

Mr. RICE. Is there a distinction between “cash” and “contributions”?

The CHAIRMAN. Is that the same thing?

Mr. SAMISH. The same thing.

Mr. RICE. The same thing?

Mr. SAMISH. “Cash” and “contributions” are the same thing.

Mr. RICE. Who decides whether it is going to be a contribution or cash?

Mr. SAMISH. Who decides?

Mr. RICE. Yes.

Mr. SAMISH. All of our contributions, with rare exceptions—once in a while we may make a check out if I don't happen to be around,

or for what reason I don't know. But I would say 95 percent of it is in cash.

The CHAIRMAN. Mr. Samish, how do you justify this under the Corrupt Practices Act when you have any Federal candidate involved?

Mr. SAMISH. Well, we don't deal with the Federal subject, Senator.

The CHAIRMAN. In your circular letter here, you talk about "all candidates."

Mr. SAMISH. Well, we——

The CHAIRMAN. In some cases here, you give some to the Republican State Party, some to the Democratic State Party, to be used for all of their candidates. That is the situation, isn't it?

Mr. SAMISH. Well, we have been called upon by some of those national parties to make contributions in their candidates out here.

The CHAIRMAN. The record shows that you make them to both State parties, both sides of the street sometimes——

Mr. SAMISH. Well, Senator, we're——

The CHAIRMAN. Both your association and you personally. But now as to the association or as to this fund, if a corporation can't make a contribution to a campaign, how do you justify getting the money in this special fund and you making a contribution out of that fund?

Mr. SAMISH. Senator, I would say that I have a contract to do a job, and the contract——

The CHAIRMAN. Well——

Mr. SAMISH. Now, just a minute please. The contract that I have has been approved by the general counsel of the Brewers' Institute, and the methods and the operations have been approved by the counsel of the Brewers' Institute and ratified by the board of directors at an annual meeting.

The CHAIRMAN. Well, that's right. But the trouble is, apparently, neither you nor the other signatories to the contract pay any attention to it, particularly Mr. Samish.

Mr. SAMISH. Then I would say——

The CHAIRMAN. Of course, the contract says that you are not to violate the law. But I can't see how a corporation, if it can't make a campaign contribution directly, can pay money to some other entity, a trust fund, and then let that trust fund pay it out for political purposes.

Mr. SAMISH. Let me ask you, Senator——

The CHAIRMAN. It all amounts to the same thing, doesn't it?

Mr. SAMISH. No; I want to ask you something. I am sure you are more familiar with this than I am.

Is there any violation of the corrupt practices where they make a contribution to a fund that is used in intrastate candidates?

The CHAIRMAN. Of course, that is a local matter. But I think the record here shows, and, according to your literature, that you are interested in general campaigns, which include interstate.

Mr. SAMISH. Well, in that letter I think we take it for granted we wouldn't violate any law by being interested in Federal candidates.

The CHAIRMAN. Well, go ahead, Mr. Rice.

Mr. RICE. All right, sir. I see some disbursements in January 1951 to the "Cellar," \$455.21. What would that be for?



Mr. SAMISH. Well, we have many requests, Mr. Rice, from fraternal orders and others for some beer, some wine sometime, and beverages. And in our sociable manner, to build good will——

Mr. RICE. Yes.

Mr. SAMISH. We make contributions and pay the bills.

Mr. RICE. Is this a contribution to the "Cellar"?

Mr. SAMISH. No; it is not. We pay the "Cellar."

Mr. RICE. What is the "Cellar"?

Mr. SAMISH. It's a liquor store.

Mr. RICE. It is a liquor store?

Mr. SAMISH. That's right.

Mr. RICE. What becomes of the liquor?

Mr. SAMISH. I guess the liquor is delivered to some fraternal body or whoever it may be.

Mr. RICE. The liquor then is converted into a gift and goes to someone?

Mr. SAMISH. That's right.

Mr. RICE. I see also in the same month \$553.54 is paid to the Cork 'n Bottle. What is that?

Mr. SAMISH. What month is that?

Mr. RICE. The same month: January 1951.

Mr. SAMISH. That would be for December. You see, at Christmas time we're very generous.

Mr. RICE. I see. So this is Christmas liquor. Is the Cork 'n Bottle a liquor store, too?

Mr. SAMISH. I would say, Christmas and New Year's. We are very generous during those times. If anybody made a request, if a fraternal body, charitable group, wanted 25 or 50 cases of beer or whisky or something, it would be my pleasure to give it to them.

Mr. RICE. Do you have any personal interest in the Cork 'n Bottle?

Mr. SAMISH. The Cork 'n Bottle?

Mr. RICE. Yes.

Mr. SAMISH. Well, there are a lot of Cork 'n Bottles.

Mr. RICE. Don't you use some of those or have some interest in those?

Mr. SAMISH. No. I—No. There have been Cork 'n Bottles where maybe some of my family had small interest.

Mr. RICE. It seems to me that you show income from the Cork 'n Bottle.

Mr. SAMISH. I do in one case, because of a community property law in the State of California.

Mr. RICE. And with whom are you in community property?

Mr. SAMISH. Well, I have got a very nice wife.

Mr. RICE. So your wife, then, has an interest in the Cork 'n Bottle?

Mr. SAMISH. No, I don't recall that. Let me just look a minute, if I may, and then I will be happy to tell you. I have got a note of it here.

In 1949 you are referring to?

Mr. RICE. Yes.

Mr. SAMISH. Is that it? 1949? or 1947?

Mr. RICE. Any time. Tell me about it.

Mr. SAMISH. Well, there was one of the—No. 1948, 1949, there was an income of \$1,684.78, I think, from Cork 'n Bottle. Small interest the family had.



Mr. RICE. The family had?

Mr. SAMISH. Yes.

Mr. RICE. And by "the family" you are referring to your wife?

Mr. SAMISH. Well, originally—Let me say this to you. You are dealing a very small thing, but I will explain it to you. When that was originally organized, that Cork 'n Bottle, it was set up for the purpose—it was divided, I think, three ways—of taking care of three mothers; a small investment put in. And at that time one-third of that belonged to my mother, who since passed away, and then finally came back to us. That's the story.

Mr. RICE. So that it was an inherited proposition. Have you disposed of your interest in the Cork 'n Bottle or the inherited interest?

Mr. SAMISH. I don't know. It is so small.

Mr. RICE. "So small" you don't know what?

Mr. SAMISH. I mean, it doesn't mean a thing. There is no interest to it today, or no dividends.

Mr. RICE. But you have not disposed of that small interest?

Mr. SAMISH. I couldn't tell you, Mr. Rice. I will be delighted to find out and let you know.

Mr. RICE. Do you want to take the position that you don't know whether you have or not?

Mr. SAMISH. I don't want to take any position until I know, because I am anxious to tell you nothing but the truth.

Mr. RICE. What is the difference between that and taking the position that you don't know?

Mr. SAMISH. Well, I don't know. If we want to go to a dance together, we can do that too.

Mr. RICE. I think it is a fair statement, then, that you still have an interest in the Cork 'n Bottle?

Mr. SAMISH. I really don't know. To tell you the truth, I don't know.

Mr. RICE. There is another disbursement in that same month to the Cork 'n Bottle of two hundred and eighty-four and some odd cents.

Mr. SAMISH. Well, you are dealing with Christmas. We are very liberal at Christmas time.

Mr. RICE. In the same month—

Mr. SAMISH. And incidentally, I would say that that would be less than five cases, if it was whisky. Two hundred and eighty-four?

Mr. RICE. I won't argue about that with you. In the same month you had a disbursement to the Hotel Senator of \$5,000.

Mr. SAMISH. Oh, I will be glad to explain that. In order that there be no misunderstanding, in following out what I said to the Senator, from March 1 we keep records, and because we have a lobbying law in the State of California, I decided in January 1951 of this year that the State brewers draw a check of \$5,000 to the Senator Hotel at the end of each month, the proper deductions made and the proper records kept. Because we have to file, in accordance with the State law that has recently been enacted, an itemization of all expenditures over \$25—which statement has been filed. And out of that \$5,000, so that you may know—I don't want to give this figure exactly, but I think in the month of January \$2,068 was expended and accounted for and filed under oath with the State.

Mr. RICE. And who uses those expenses at the Hotel Senator?

Mr. SAMISH. Well, I use most of them.

Mr. RICE. You use most of them?

Mr. SAMISH. Uh-huh [affirmative]. Together with——

Mr. RICE. No. This is——

Mr. SAMISH. Wait just a minute. Let me correct that. I use them, together with Mr. Hoerchner and secretaries that we have.

Mr. RICE. This in effect is a deposit against which you draw—a drawing account. In Macy's, I think they call it a "D. A." account.

Mr. SAMISH. Well, in Macy's I don't know what they call it. I am really not a good merchant, Mr. Rice.

Mr. RICE. At the race tracks they call it a "come back" account. You put it up and you draw against it.

Mr. SAMISH. If you want to discuss the race tracks, I will be glad to discuss that too. At the race track I would consider it a "contributing" account.

Mr. RICE. The account I am talking about is where the "come back" man deposits and then bets against it during the day.

Mr. SAMISH. Well, I have heard of those things.

Mr. RICE. Yes. As a matter of fact you had an interest in a kennel club at one time; isn't that a fact?

Mr. SAMISH. I still have.

Mr. RICE. Which one is that?

Mr. SAMISH. Multnomah Kennel Club, in Portland, Oreg.

Mr. RICE. Is that a dog track?

Mr. SAMISH. It is a dog track, legalized. I have had for 17 years.

Mr. RICE. Is Mr. Quinn in there with you?

Mr. SAMISH. No, no.

Mr. RICE. Not in there?

Mr. SAMISH. Not in the Multnomah Kennel Club. You have got that wrong, Mr. Robinson. I will tell you about that sometime. I am the only one, I think. In fact I would like to have more, if I could. That is a very remunerative, paying proposition.

Mr. RICE. I see some disbursements to an Emmett McCarthy from time to time. What were those for?

Mr. SAMISH. Emmett McCarthy, I understand, is an investigator.

Mr. RICE. Like Mr. Philbrick?

Mr. SAMISH. No. He is a gentleman—Mr. McCarthy.

Mr. RICE. And you have an investigator on your payroll, do you?

Mr. SAMISH. Well, no. From time to time we want to learn what is going on in the beverage industry—at least I do. I mean we have a lot of things going on. You see, what we have—let me explain it to you, Mr. Rice, so you will know. And that is why our industry is in pretty good shape here in California. You see, we have the initiative and referendum law in the State of California, which was enacted, as I believe, in 1915, when Hiram W. Johnson was Governor; and that gives the right to citizens to draw up a petition and get it filed with the Secretary of State and file it. And so we investigate to try to find out which ones are right and which are wrong.

Mr. RICE. Would you say that Mr. McCarthy is a fine man?

Mr. SAMISH. The little I know about it, I think he is an excellent man.

Mr. RICE. He is an old friend of mine.

Mr. SAMISH. Oh, that's grand. I like him very much.

The CHAIRMAN. Just looking at these expenses generally, if these cash withdrawals go to campaigns it would look offhand that the big part of the expenses, perhaps 75 percent, were for political purposes, Mr. Samish.

Mr. SAMISH. Well, I don't think so, on an over-all basis, Senator. I can't—I mean, I haven't got the figures at hand and I haven't added them up. But you must remember (1) we have probably; that is, we, the brewing industry of California, has over a hundred million dollars invested; and if we spent fifty, sixty thousand dollars a year in this connection, that would be very small comparable to other lines of business engaged in a similar enterprise.

The CHAIRMAN. I know. But I mean what we are concerned about is whether the Government is being given a fair share on this matter.

Mr. SAMISH. Well, I—

The CHAIRMAN. How much do you collect into this fund a year, do you say? About.

Mr. SAMISH. Oh, I would say—I don't know offhand. I would say it would average a hundred and forty thousand or something.

The CHAIRMAN. A hundred and forty thousand?

Mr. SAMISH. I mean, I haven't got the figures.

Mr. RICE. I have the figures right here, Senator. The total deposits for 6 years, \$935,943.19.

Mr. SAMISH. Divided, it would be about \$153,000 a year.

The CHAIRMAN. Let's say \$153,000 a year.

Mr. RICE. That's in addition to the 4-cent account, too, Senator.

The CHAIRMAN. Yes, I know.

Without looking very hard, I can count \$105,000 out of that 140 for cash contributions.

Mr. SAMISH. In how long a period?

The CHAIRMAN. In that 1-year period: In 1950.

Mr. SAMISH. Oh. 1950?

The CHAIRMAN. Yes.

Mr. SAMISH. Could I see that, Senator? Maybe I can enlighten you.

The CHAIRMAN. Well, here you have got 1950. In October, you have 25,000 for cash; you have June, 10,000 for cash; in May, you have contributions: 10, 20, 30, 40,000. I don't know what "B. P. Calhoun, trustee" is for \$6,000.

Mr. RICE. What is that?

Mr. SAMISH. That is probably printing or something down there. You see, we get a lot of pamphlets out and things. I mean I just don't recall what the particular item is. But we get an awful lot of pamphlets and printing out, like I gave you a copy of that.

Mr. RICE. Is Calhoun a printer?

Mr. SAMISH. Sir?

Mr. RICE. Is Calhoun a printer?

Mr. SAMISH. No. He is a lawyer down South.

The CHAIRMAN. And here is another—

Mr. SAMISH. Pardon me, Senator. You asked. I think he gets a hundred or a hundred and fifty a month from our—

Mr. RICE. Yes. But that was a \$6,000 disbursement for Calhoun.

Mr. SAMISH. Or it might have been for a campaign. I can't judge it.

The CHAIRMAN. Here is another one: November 1950, contributions, \$8,000; and there is another one here of \$5,000.



Mr. SAMISH. That is probably a deficit of somebody, Senator—that late in the year.

The CHAIRMAN. Probably so. But as I look at a sample of these accounts, they all seem to be campaign contributions, payments to liquor stores, hotels, florists; some few expense items for newspaper. The rest of it seems to be for payment of Roosevelt Hotel, for instance; the Biltmore Hotel. Is that for your office?

Mr. SAMISH. I have an office in the Biltmore.

The CHAIRMAN. But that is not paid out of this fund, is it?

Mr. SAMISH. Yes. They maintain it. It is next to the brewers in Los Angeles.

The CHAIRMAN. How about your office in the building here? Does this fund pay for that expense?

Mr. SAMISH. No. I pay for that.

The CHAIRMAN. Then you have a branch office in the Biltmore Hotel in Los Angeles?

Mr. SAMISH. You see, we have a State brewers' institute down there and then we have an adjoining office.

The CHAIRMAN. Well, the State brewers' institute wouldn't be paying this office space out of this fund?

Mr. SAMISH. That's right. It is public relations.

The CHAIRMAN. They pay it out of this 4-cent fund?

Mr. SAMISH. I don't want to get it confused. We would pay for our own offices in the Biltmore Hotel down there.

The CHAIRMAN. What would this February 1950 "Hollywood Roosevelt Hotel, \$618" be?

Mr. SAMISH. Well, that would probably be for myself, personally, staying there.

The CHAIRMAN. And then in the same month, here is one: the "Biltmore Hotel, \$202."

Mr. SAMISH. Well, we maintain offices down there. That is very cheap rent.

The CHAIRMAN. But that is your own company? That is your own association?

Mr. SAMISH. No. That is the State brewers. That is this——

The CHAIRMAN. "Arthur Samish"——

Mr. SAMISH. Wait just a minute, Senator.

The CHAIRMAN. "And Associates," according to your letterhead, has an office in the Hotel Biltmore, Los Angeles, "Telephone Michigan 1011." You don't pay your office down there out of this fund here, do you?

Mr. SAMISH. Well, that is a public relations fund of the brewers. That is not mine.

The CHAIRMAN. But I mean, Do you pay your office rent for Arthur H. Samish on the Biltmore Hotel out of this fund?

Mr. SAMISH. That's really—we put it on the letter head, because maybe we want to be important in our own way, or something. But that is really the brewers' institute. You see, we do the same thing with the Senator Hotel. We put that number on the letterhead and the brewers pay for that.

The CHAIRMAN. Well, let's take another sample here: November 1949, "Cash, \$10,000"; "Hotel Senator, \$147"; "Hotel Roosevelt, \$504"; "Cash expense, \$100;" "E. R. Hoerchner"—I guess he is your—what is he?



Mr. SAMISH. He is one of the lawyers.

The CHAIRMAN. \$650"; "William Jasper, \$500." What is he?

Mr. SAMISH. An employee of the brewers' institute.

The CHAIRMAN. You have got "A. J. Kennedy, \$200."

Mr. SAMISH. He is an employee.

The CHAIRMAN. You have got "Biltmore Hotel, \$290." Are these hotel expenses your expenses?

Mr. SAMISH. Well, the Baltimore Hotel maintains that office down there for the State brewers' institute. I think, Senator, the best way you can get an over-all picture, if I may help you a little. You take Samish. Let's just do it.

If you will take a pencil, Mr. Rice, I can help you on this. I can show you. I think it is close.

Samish gets \$30,000 a year from the brewers. Is that right?

Mr. RICE. I don't know.

Mr. SAMISH. Well, it is.

The CHAIRMAN. It looks to me like you get anything you want, Mr. Samish.

Mr. SAMISH. Well, let me say this——

The CHAIRMAN. You can pay your flowers, you can pay your hotel bill, you can pay your own traveling expenses, you can get a hundred thousand dollars in cash a year or more if you want it. I don't see how——

Mr. SAMISH. Well, I don't agree with you on that. You just happen to pick one particular thing. You haven't got the figures——

Mr. RICE. They are the only ones you submitted.

Mr. SAMISH. Oh, no. You have them there. You have a year and a half there.

Mr. RICE. That's all.

Mr. SAMISH. So we will take that. If you want, you take Samish, \$30,000; you take Hoerchner, he gets \$650 a month. That is \$7,800 a year. Let's just do this right. Calhoun—what does he get? A hundred or a hundred and a half; I don't remember. Make it a hundred. It is 1,200. We'll get this right. Kennedy gets 200; that's 2,400. Jasper gets 500; that's 6,000. He has about \$4,000 a year expense, at least. In addition to that we have a West Coast Brewer, Senator, that we publish. It costs us about a thousand a month. That's \$12,000. In addition to that we have other expenses; I would say at least 12,000 a month—miscellaneous, printing, and this and that. You know, we get those bulletins out. You see that West Coast Brewer that you have in your hand there.

The CHAIRMAN. Yes. But isn't this paid for out of the 4-cent fund?

Mr. SAMISH. No, sir.

The CHAIRMAN. Is that the political fund?

Mr. SAMISH. No, don't call it "political fund."

The CHAIRMAN. All right. We will call it "public relations."

Mr. SAMISH. Thank you.

The CHAIRMAN. Political——

Mr. SAMISH. Not "political."

The CHAIRMAN. Political public relations?

Mr. SAMISH. No. I won't go for that even.

The CHAIRMAN. All right.

Mr. SAMISH. It is a nice book, too, Senator.

The CHAIRMAN. Yes, it is a nice book.

Now, Mr. Samish, if you will add up what you spent there for 1 year, you will find that your cash and contributions are something over \$100,000.

Mr. SAMISH. No. It works out just about right, if I have it here. Samish gets \$30,000, Hoerchner \$650 a month—\$7,800 a year, Calhoun at \$1,200. I thought he got 150. We will call it 1,200. Kennedy at 200, 2,400 a year.

Mr. RICE. Calhoun only gets a hundred.

Mr. SAMISH. Well, I have got it here at a hundred, for your pleasure.

Jasper gets 500, or 6,000 a year, and his expenses run about 4,000 a year; West Coast Brewer, a thousand a month, is twelve; miscellaneous for the over-all picture at a thousand is twelve. That's 73,000, Senator.

The CHAIRMAN. Then what do you do with all this cash money you take out?

Mr. SAMISH. We use it in perpetuating the things that we have gained for our industry in California.

The CHAIRMAN. Now, Mr. Samish, what was the idea of not keeping any records? What's the idea? There must be some idea of why these checks are just thrown away every year, no records kept.

Mr. SAMISH. No, sir; it is not so, Senator. There is no reason for it. In fact—

The CHAIRMAN. Wait just a minute. No bank stubs that we can get a hold of, and you just get the checks and throw them in the waste-paper basket. Why is that?

Mr. SAMISH. Well, as far as the bank stubs are concerned or any records from the other side, that's kept by Mr. Koehn.

The CHAIRMAN. But Mr. Hamilton, I think, says that there are not any records over there, though.

Mr. SAMISH. No. Wait, Senator, if I may help you, please. I asked this morning that we go ahead with the bank and let them go back over 10 years, whatever the expense is, and we will have those things photostated and we will have a whole set of books set up for you. And if you wish, we will be glad to send them on to you.

The CHAIRMAN. Yes. But, Mr. Samish, the bank here doesn't microfilm the checks that are deposited in some other bank. If you send another bank a check, this bank here doesn't have a microfilm of it. We have inquired about that ourselves. We were going to have the same thing done.

Mr. SAMISH. Well, I inquired this morning and was told that we could do that. Now, I don't know whether—I don't know enough about it.

The CHAIRMAN. Is that correct, Mr. Amis? Didn't you?

Mr. AMIS. I missed that.

The CHAIRMAN. The Crocker Bank doesn't have microfilms?

Mr. AMIS. Of their own checks?

Mr. SAMISH. Of their own checks.

Mr. AMIS. No, they do not have.

The CHAIRMAN. They do not.

Mr. AMIS. Only the foreign items—the transit items.

The CHAIRMAN. Only the transit items. So that the bank here can't apparently microfilm their own checks.

Mr. SAMISH. Well, if I may, just to help you too, I phoned this morning.

The CHAIRMAN. Yes. But assuming that you could reconstruct your account, I don't see why you have apparently purposely, or somebody has purposely, thrown the checks away, no books have been kept, so that nobody can tell anything about it——

Mr. SAMISH. I don't think there is anything——

The CHAIRMAN. And why everybody is out of town and nobody is here who can tell us about it.

Mr. SAMISH. You came at a hard time. You come at a week end.

The CHAIRMAN. Mr. Amis has been here for a week trying to get these records of accounts. You have been going to send them to him. You have known what he wanted all the time.

Mr. SAMISH. No; I was away.

The CHAIRMAN. How long have you been trying to get them, Mr. Amis?

Mr. AMIS. Since last Thursday.

The CHAIRMAN. Something over a week.

Mr. RICE. Not Thursday of this week. A week and a half, 10 days.

The CHAIRMAN. And you have had several promises that they were going to be brought to you; is that correct?

Mr. AMIS. Yes.

Mr. SAMISH. I just came back to town Tuesday of this week, see. So I was available. And I did everything I possibly could to get all the records that were available together, and I brought my own——

The CHAIRMAN. Suppose the internal revenue people came along and wanted to check as to whether 50 percent of the money was actually used for legitimate, deductible purposes. How would they make a check of it?

Mr. SAMISH. They could determine that. I don't know how.

The CHAIRMAN. How would they do that?

Mr. SAMISH. I say, they could determine that. I don't run that department, Senator.

The CHAIRMAN. Have you been advised by your counsel as to whether you are keeping records in compliance with the internal revenue laws, Mr. Samish?

Mr. SAMISH. No; I haven't.

The CHAIRMAN. You have a lot of lawyers on your payroll. What do you use them for?

Mr. SAMISH. Yes. I really don't know what I use them for, Senator. I am kind of fond of some of them personally, Senator.

The CHAIRMAN. Yes. That is what I am afraid of. I am afraid that the whole thing that you are operating here is what you are fond of personally and that you are not fond of having the matters kept in too good a business way, Mr. Samish.

Mr. SAMISH. Oh, yes, I am. Yes, I am, Senator.

The CHAIRMAN. Suppose the internal revenue people came along and Mr. Amis is right that we can't get microfilms of these checks from the Crocker Bank. How are you going to be able to tell them what this money has been used for?

Mr. SAMISH. Well, when that time comes, I think the only thing I can do is to be as honest and factual as I am trying to be with you.

The CHAIRMAN. I hope you will have more records for them than you have for us, Mr. Samish.



Now, another thing, Mr. Samish, is: Is it going to be admitted that all of these cash payments and also contributions were used for political purposes?

Mr. SAMISH. Well, I don't know how much you want me to admit or say or what not. But the major part of them are, Senator.

The CHAIRMAN. Do you have a California law that requires a listing of campaign contributions?

Mr. SAMISH. This recent law that went into effect.

The CHAIRMAN. Sir?

Mr. SAMISH. There is a recent law that went into effect.

The CHAIRMAN. Does it require associations to list the contributions they make?

Mr. SAMISH. Really, I'm not versed on the legal interpretation or the wordage of the law.

The CHAIRMAN. Most States—I am not familiar with your California law—require the association to list contributions that they make and they require the person who receives them to also list them.

Mr. SAMISH. I think it is a law in our State.

The CHAIRMAN. Is that the reason it is handled in cash; so that no record has to be made of it?

Mr. SAMISH. No, that is not the reason at all. This law——

The CHAIRMAN. Then what is the reason?

Mr. SAMISH. The reason for handling it in cash?

The CHAIRMAN. Yes.

Mr. SAMISH. There is no particular reason. I have ordered from March 1 on for it all to be handled in checks.

The CHAIRMAN. I know. But what is the reason it has been handled for all these years in cash?

Mr. SAMISH. I couldn't tell you the reason.

The CHAIRMAN. It looks like your records with your association would be a whole lot easier kept if you had checks that you could show; then if one of these legislators tried to jump the corner, you would have his name on the check that you could show to him.

Mr. SAMISH. We don't do it that way.

The CHAIRMAN. Then when the time came you would have a receipt from him.

Mr. SAMISH. We don't do it that way.

The CHAIRMAN. You say that you don't do it that way?

Mr. SAMISH. No; we don't do it that way. As long as we know that a man who is elected to office is more or less temperate in his thinking and is a good, honest, and outstanding official, we don't——

The CHAIRMAN. As long as he is——

Mr. SAMISH. And a little wet.

The CHAIRMAN. And a "little wet." And a little willing to listen to Arthur Samish on legislation?

Mr. SAMISH. No; wait a minute. I can explain that if you would like to hear it.

The CHAIRMAN. I am not interested in going into what influence you have with members of the legislature. That is not our business. But we are very much concerned with what appears to be a system of bookkeeping for the expressed purpose of preventing anybody, including the Federal Government, from knowing what has been



spent for what when a tax exemption is being claimed of 50 percent of this amount. All right. Go ahead, Mr. Rice.

Mr. RICE. All right, sir. Going back to some of the expenses and looking at a record here for the year 1949, I notice that you have an income-tax item of \$13,317.94 for "Rentals." What is that? What do you rent?

Mr. SAMISH. What is that again?

Mr. RICE. "Rentals." What do you have that you rent?

Mr. SAMISH. What account is that on?

Mr. RICE. That is your income for 1949.

Mr. SAMISH. Are you talking about my personal income?

Mr. RICE. Yes.

Mr. SAMISH. Excuse me until I get those records. Do you mind? Now, what did you say, Mr. Rice?

Mr. RICE. Rental in 1949, \$13,317.94, as income personally.

Mr. SAMISH. Rental?

Mr. RICE. Now wait a minute. I think I found a breakdown that you have here that we didn't have. It appears to be the Arroya Gas Co., less 27½ percent depletion, \$12,395.70. Is that it?

Mr. SAMISH. Yes, that's it.

Mr. RICE. Who rents what?

Mr. SAMISH. Well, that's a little oil venture of mine from which I received those moneys.

Mr. RICE. Yes. What is rented?

Mr. SAMISH. Well, rental, I—there are two kinds of—there are two kinds of interest in an oil venture. Mr. Rice, for your information. One is—and I have both. That's why I say that. One is where you buy a royalty and you get so much; and the other is when you go in for the drilling yourself and you spend so much money, and the Government allows you so much money.

Mr. RICE. Which one is the rental?

Mr. SAMISH. Well, wait a minute. I don't know much about my own business, I guess. Let me find out.

There is one in Indiana, one in Texas. I own oil properties in Indiana and Texas—let me put it that way. I don't know which one. Really I don't.

Mr. RICE. A "little" \$13,000 item you can't remember?

Mr. SAMISH. Oh, it's small. That's right. I can't remember.

Mr. RICE. All right, sir. See if you can remember this one: Another \$13,000 in your expense for 1949 for entertaining—\$13,899.35. What is that for?

Mr. SAMISH. Oh, I can't give you any details.

Mr. RICE. Well, is that personal entertainment? You have got substantial sums expended in your Crocker account for what would appear to be entertainment. You have another substantial amount in your 4-cent-per-barrel account, the Institute account. And here you have \$13,000 of entertaining and you have "home entertainment" of \$639.75.

Mr. SAMISH. I guess Mr. Hoertkorn or somebody would have to give you all the detailed information on that. I don't keep those records, Mr. Rice. I don't know.

Mr. RICE. In general, who is entertained \$13,000 worth?

Mr. SAMISH. I can't tell you. If you want to ask or inquire about those things, I think our tax consultant, or our tax counsel, will explain everything to your satisfaction.

Mr. RICE. Is he the one who spends the money?

Mr. SAMISH. That isn't a question of that.

Mr. RICE. Yes, it is a question.

Mr. SAMISH. Well, I don't know. I just don't know, Mr. Rice.

Mr. RICE. You just don't remember. If you don't remember, how does he know what it was spent for?

Mr. SAMISH. He will know by referring to those books there.

Mr. RICE. And how did they get into the books?

Mr. SAMISH. I guess my bookkeeper or my secretary puts them in there.

Mr. RICE. Who spent the money?

Mr. SAMISH. I presume I would.

Mr. RICE. You presume you would?

Mr. SAMISH. And it would be on my canceled checks. I don't know offhand. Our records are kept.

Mr. RICE. But you spent the \$13,000. And then what did you do? Drop by and tell the bookkeeper once in a while to put another thousand dollars or two in?

Mr. SAMISH. Wait a minute. I wouldn't talk that way.

Mr. RICE. Let's see what it was.

Mr. SAMISH. Let's be sensible about it. The Senator says we keep a very complete set of books.

Mr. RICE. Your books are complete but it doesn't appear that your information is. Now, what is the story on that?

Mr. SAMISH. I think the Government departments would check that. I don't know about those things. I can't give you the details of them.

The CHAIRMAN. What does it show there, Mr. Amis, for entertainment?

Mr. RICE. In 1949, he has got \$13,899 item for entertaining.

While you are looking that up, Mr. Amis, I might say that the previous years indicate that in 1949 an item of \$3,000 for entertainment of legislators was disallowed; in 1946, there was an item of \$3,796 for entertainment of legislators disallowed; taxpayer also deducted \$642.80 as sales tax, explaining that he had spent large sums for meals, liquor, and presents for clients, and so forth. This was disallowed. In 1942, entertainment expense of \$2,000 disallowed. This was for entertainment of legislators. In 1943, a \$2,700 item for entertainment of legislators was disallowed.

It appears that it is a good question, in view of the fact that the items were disallowed in the previous years, how it was charged in 1949.

Mr. SAMISH. Well, probably when the returns are gone over and the taxmen come in, they will throw out the whole \$13,000.

Mr. RICE. Is that the way you make up your return?

Mr. SAMISH. I don't know.

Mr. RICE. Putting in something that is highly improbable and it will be disallowed?

Mr. SAMISH. We don't do those things at all.

Mr. RICE. Why do you make that statement?

Mr. SAMISH. I say, you are making a reference to something that is disallowed. I don't know what they are going to do in 1949. I don't know whether they have been in, even.

The CHAIRMAN. When they have been disallowed in one year in the course of entertaining legislators, why do you put it back in the next year?

Mr. SAMISH. Senator, I can't answer those questions. I don't know anything about the books.

The CHAIRMAN. Well, Mr. Amis, what do the books show, for the record?

Mr. AMIS. The records don't show of entertaining. It shows on the personal expense and personal withdrawals.

The CHAIRMAN. Does it show \$13,000 withdrawn for some purpose?

Mr. AMIS. It doesn't give a total figure for any one item.

Mr. RICE. You have another item: "Miscellaneous expense, \$4,000," "Contributions, \$4,199"; the same year, 1949, on your personal. Where do you keep your personal bank account, Mr. Samish?

Mr. SAMISH. American Trust Co.

Mr. RICE. Is that the only account?

Mr. SAMISH. Oh, I think I may have one at the Bank of America.

Mr. RICE. Are they the only two?

Mr. SAMISH. Well, offhand I think so. I'm not sure. I think that that's the only two.

Mr. RICE. Do you have any accounts out of the State?

Mr. SAMISH. No, I have no accounts out of the State.

Mr. RICE. All right, sir. I notice an income item in 1949, Schenley Industries, New York, of \$36,000. Is that a flat fee?

Mr. SAMISH. Yes. I get \$36,000.

Mr. RICE. Are any expenses allowed you in connection with that account?

Mr. SAMISH. No. I get \$36,000 flat fee from Schenley Industries.

The CHAIRMAN. You must do a lot of work for them for \$36,000.

Mr. SAMISH. Well, I do at times, Senator. I do. But not always. I mean I'm callable when they want me.

The CHAIRMAN. Well, I think you would be callable once in a while for \$36,000 a year.

Mr. SAMISH. Well, you would be surprised. If you will help keep those tax laws down in Washington, I'll get much more business than I am showing there.

Mr. RICE. I see in '48 they paid you \$46,500. Why the change?

Mr. SAMISH. Well, during—there was a period in there—I am just recalling, and I mean you must take it the best way my memory serves me, Mr. Rice. For a while there—I don't know how many years ago—during World War II I was the one that recommended the purchase of a winery out here, Cresta Blanca—Cresta Blanca—to Schenley. And they purchased the winery and got in the wine business. And they since own or control 11 wineries, have a lot of acreage and properties in the State of California, and subsequently organized the California Vineyard Association. Schenley owns Cresta Blanca, Cresta Blanca California Vineyards Association. And during those early negotiations I had an arrangement with them whereby I would receive so much. I don't know what it was. I think I used to get from the California Vineyards Association—that's the wine end of it—I think



I used to get \$18,000 a year, and from Schenley Distillers, the parent company, I used to get thirty-six. So I used to get for a while \$54,000 a year from that account.

Mr. RICE. I don't understand why the amount dropped from forty-six in 1948 to thirty-six in '49.

Mr. SAMISH. Well, I will tell you what happened, very frankly; the reason why it went back to \$36,000 was that I was earning too much money and I felt that the \$36,000 was sufficient, plus the fact that they had certain retrenchments. And as long as they had retrenchments, and so forth, there was no reason why they couldn't include me in it—which was entirely agreeable to me.

Mr. RICE. So that you voluntarily dropped your fee?

Mr. SAMISH. Well, I don't say—I didn't object to it.

Mr. RICE. Did you drop your fee to the brewers' institute?

Mr. SAMISH. I am talking about the California vineyards, Mr. Rice.

Mr. RICE. Yes, sir.

Mr. SAMISH. Yes.

Mr. RICE. But you had an account there where you voluntarily dropped the fee because someone was making too much money.

Mr. SAMISH. No, that isn't it. They had retrenchments, and so forth, and I get enough out of the Schenley parent company. Thirty-six thousand a year is enough for me.

Mr. RICE. All right, sir. In your 1949 expenses, I see "travel expense" of \$5,682.15. Is that you personally?

Mr. SAMISH. I don't know. I can't tell you. I am not familiar with that.

Mr. RICE. You can't tell?

Mr. SAMISH. No.

Mr. RICE. And you have a per diem expense of \$6,325. What is that for?

Mr. SAMISH. Mr. Hoertkorn can tell you about those things. I can't tell you.

Mr. RICE. These are all in your own personal account.

Mr. SAMISH. Well, that's Samish. But, I mean, the details of which I can't tell you, Mr. Rice.

Mr. RICE. Yes.

Mr. SAMISH. But I am sure the proper governmental agencies know about all those things.

Mr. RICE. What I am trying to get at—

The CHAIRMAN. Well, where is Mr. Hoertkorn? Let's just get him around here and see if he knows something about this.

Mr. SAMISH. That's fine.

Mr. RICE. Where is he?

Mr. SAMISH. He is around here some place.

The CHAIRMAN. Come up here, Mr. Hoertkorn.

Mr. RICE. And while he is coming around—

The CHAIRMAN. Here he is.

#### FURTHER TESTIMONY OF HAROLD T. HOERTKORN

The CHAIRMAN. Mr. Hoertkorn, what is this \$13,899 "entertainment" in 1949?

Mr. HOERTKORN. I would have to see the books and records to disclose exactly what that is.



The CHAIRMAN. All right. There they are. Tell what that is. It might be easier to work at that desk, Mr. Amis.

While they are working on that, Mr. Samish, what sort of deal do you have representing the Motor Carriers Association? Do you also look after their legislative recommendations and——

Mr. SAMISH. Well, I have been with the Motor Carriers——

The CHAIRMAN. And legislation?

Mr. SAMISH. Well, I have up to the present time. It's very little, Senator. I have been with the Motor Carriers Association, oh, let's see, I would say around 25 years.

The CHAIRMAN. That is the busses, is it?

Mr. SAMISH. That's the motorbusses. Greyhound motorbusses.

The CHAIRMAN. And do you handle their matters under substantially the same kind of contract or arrangement that you do with the brewers' institute?

Mr. SAMISH. Well, let me tell you. I am a part of the original Motor Carriers. It goes way back to 1921 or 1923, and it is a long-drawn-out history. California is the mother State of motorbus transportation.

The CHAIRMAN. What I mean is, Do you have a contract that gives you a certain amount of money to spend with the Motor Carriers?

Mr. SAMISH. No. They arrived at \$9,000 a year years ago, and I have never increased it.

The CHAIRMAN. Just \$9,000?

Mr. SAMISH. Nine thousand dollars a year.

The CHAIRMAN. And then do you advise them about political matters and have a political organization?

Mr. SAMISH. No. I do very little for them. It has nothing to do with—I won't say "nothing to do." If there was anything to do I would do it. But I do very little for them today, Senator. Most of my work was done years ago.

The CHAIRMAN. Now, Mr. Samish, why were you interested in this Alfred Hart matter down in Los Angeles?

Mr. SAMISH. Which Alfred Hart matter, sir?

The CHAIRMAN. In San Bernardino County. To get Mr. Seeman and Senator Swing and E. Mack into the wholesale distribution business.

Mr. SAMISH. Well, Mr. Seeman—I met Mr. Seeman——

The CHAIRMAN. What is that?

Mr. SAMISH. I say, Mr. Seeman I don't know. Rather, I know but I mean I have no particular interest in him.

The CHAIRMAN. Well, you came down——

Mr. SAMISH. Wait a minute. You asked. Mr. Hart was going into San Bernardino, as I understand, at one time. And I like Al Hart. He is one of our—in fact our largest wholesaler, I think, in California. In one year I think he did \$1 million. And I am more or less personally interested in him. If he is going into a community where I think influence will help or he ought to have a good standing or he needs a good legal advice, I might recommend it—which I am sure I did in this case.

The CHAIRMAN. Well, you came down to Los Angeles and had a meeting with Mr. Hart and Mr. Palmer, who was here, the counsel, with reference to getting Senator Swing and E. Mack (and Mr. See-

man was already in) into this distribution company over in San Bernardino County. Why were you so interested in that?

Mr. SAMISH. I wasn't "so interested."

The CHAIRMAN. Did it mean something to you to have—

Mr. SAMISH. It didn't mean a thing to me personally. Believe me it didn't.

The CHAIRMAN. How about Senator Swing? Weren't you happy to see him get a good break?

Mr. SAMISH. Let me tell you about Senator Swing. I would be the same about any good Californian or a good legislator or a good friend. If it was anybody in the insurance business, or anything else, I would be interested in helping him.

The CHAIRMAN. Did you recommend E. Mack for part of this?

Mr. SAMISH. I think at the time it was just a combination of circumstances and I must have suggested the whole thing.

The CHAIRMAN. So the whole thing was arranged upon your recommendation?

Mr. SAMISH. I wouldn't say so. Mr. Hart made his own decision.

The CHAIRMAN. But you suggested it?

Mr. SAMISH. I have heard that today. But I didn't even recall it, to be perfectly frank with you. So you can assume that either one way or the other. It is not important. Because personally I never got a thing out of it, Senator.

The CHAIRMAN. No one said you got anything out of it. But I was just trying to see why you were interested in getting the proposition over.

Mr. SAMISH. Well, Senator, I can't even recall it.

The CHAIRMAN. (to Mr. Amis): Have you found these things here?

Mr. RICE. On that, I have a question to ask Mr. Samish.

In connection with your per diem expense which is charged in your personal income tax as "Expense," you might recall yesterday, I think it was in Mr. Hamilton's testimony, referring to the resolution of the institute, that part of the resolution called for your compensation plus the necessary expenses in carrying on such work during the legislature for sustenance, lodging, travel, and so forth. When is it decided against which account to charge the per diem expense? Who decides that?

Mr. SAMISH. I don't know.

Mr. RICE. You don't know?

Mr. SAMISH. Will you explain that again to me so I can get it clear.

Mr. RICE. Let's take a trip there. Say you go down to—where? the Hotel Senator? Is that where you stay during the time the legislature is in?

Mr. SAMISH. Yes.

Mr. RICE. And you run up a bill of, say, a thousand dollars for a week. How do you determine to which account to charge that as an expense?

Mr. SAMISH. Well, most of it is all brewers. Most of it is brewers. They take the leadership in all of that.

Mr. RICE. Well, you have a 4-cent account, the main account, non-profit, against which you can charge it; you have the 5-cent account in the Crocker Bank; and you also have charges in your own

personal income-tax return for what appear to be the same thing. Who decides into what account it goes?

Mr. SAMISH. Let me say this to you: That thousand dollars in the Senator Hotel would be more or less for rooms and expenses around that headquarters up there. That would very seldom have anything to do with my own personal expenses.

Mr. RICE. With your own personal expenses?

Mr. SAMISH. That's right.

Mr. RICE. Now take your own personal expenses for your own room in the hotel. Do you have a room there?

Mr. SAMISH. Well, that would be charged against the brewers.

Mr. RICE. Which account?

Mr. SAMISH. Well, we draw a check against the brewers for the whole amount.

Mr. RICE. And which account? The Crocker account?

Mr. SAMISH. Yes. That's the only brewer account we have.

Mr. RICE. No. I see they authorize you here to file expenses for your sustenance, lodging and travel—

Mr. SAMISH. Well—

Mr. RICE. On the 4-cent account, which is in the Bank of America.

Mr. SAMISH. Oh, I have nothing to do with the 4-cent account.

Mr. RICE. You don't have anything to do with that?

Mr. SAMISH. No. In fact I don't ever remember receiving a 5-cent piece from it.

Mr. RICE. You get \$1,200 a month; don't you?

Mr. SAMISH. No. May I explain that away, please?

Mr. RICE. Yes.

Mr. SAMISH. You see, we have new lobby laws in California. So about a year or so ago my contract was changed, to make me more or less a consultant. Do you see?

Mr. RICE. Yes.

Mr. SAMISH. And then later on, in January of this year, I was authorized by resolution to represent the California State Brewers Association. I had no lobby job until January of this year. And I was authorized by the California State Brewers to represent them at Sacramento for the duration of the 1951 session at a salary of \$1,250 per month.

Mr. RICE. All right. Now, this—

Mr. SAMISH. Now, wait just a minute.

Mr. RICE. Yes.

Mr. SAMISH. Then I subsequently, or then and there, signed an agreement to deduct the \$1,250 from my \$2,500. In other words, I don't get \$1,250 plus \$2,500. I get \$2,500 just the same, you see.

Mr. RICE. All right.

Mr. SAMISH. That was for the purpose of filing, you see.

Mr. RICE. Let me see if I have it straight.

Mr. SAMISH. Do you see?

Mr. RICE. Yes. Under the new deal, starting January 1951 you take \$1,250 from the 4-cent account?

Mr. SAMISH. No, no. You have got it wrong again. Starting January 1951, I carry on with that arrangement that I have, we will say, at \$2,500 a month.

Mr. RICE. Yes.



Mr. SAMISH. But I have a separate agreement, \$1,250 of which out of the \$2,500 I am paid for because of work we may do in connection with the legislature. Do I make that clear to you now?

Mr. RICE. What do you take, then, for January? What is your total payment for January?

Mr. SAMISH. \$2,500.

Mr. RICE. \$2,500?

Mr. SAMISH. That's right.

Mr. RICE. Now then, where does that money come from?

Mr. SAMISH. Out of the contract arrangement.

Mr. RICE. And when you speak of the contract, you are talking again back into the 5-cent account?

Mr. SAMISH. That's right.

Mr. RICE. All right. What is the reason for this resolution, then?

Mr. SAMISH. Well, only that I don't get paid twice. The reason for that is, just to comply with the State law. No other reason. If you don't get it, let's go over it some more, then.

Mr. RICE. Yes.

Mr. SAMISH. All right, here. Last year my contract was changed, you see, to make me a policy consultant, so I wouldn't be known, we will say, as a so-called lobbyist.

Mr. RICE. You are now talking about the 1935 contract?

Mr. SAMISH. 1935, yes. Then I had no more lobbying job to do. So, now, the laws were signed last year. And January of 1951 comes along and they have to have representation at the legislature; so they adopt a resolution appointing Samish their legislative representative at a salary of \$1,250 per month.

Mr. RICE. Yes.

Mr. SAMISH. All right. Then they make me, or rather, the general counsel, Mr. Hoerchner, requests that I sign a release whereby that \$1,250 would be deducted off of my \$2,500. That's the cause of that. Do you see now?

Mr. RICE. Would you call that a kick-back?

Mr. SAMISH. What do you mean a kick-back? No; that's no kick-back.

The CHAIRMAN. Now, Mr. Samish, "Arthur Samish and Associates." Who are the Associates in your firm?

Mr. SAMISH. Mr. James Rieden.

The CHAIRMAN. Who?

Mr. SAMISH. Mr. James Rieden.

The CHAIRMAN. Mr. James Rieden?

Mr. SAMISH. Yes.

The CHAIRMAN. How about Mr. Flynn?

Mr. SAMISH. Mr. Flynn is no associate of mine.

The CHAIRMAN. He shares an office with you; doesn't he?

Mr. SAMISH. Yes. He doesn't share an office. He has an office close to mine.

The CHAIRMAN. I mean in the same suite.

Mr. SAMISH. Well, he has an office on the same floor.

The CHAIRMAN. Well, do you pay rent for his office? Do you jointly pay rent?

Mr. SAMISH. No. He pays rent for his own office.

The CHAIRMAN. Is he part of the Arthur H. Samish and Associates?



Mr. SAMISH. No.

The CHAIRMAN. But you do work very closely together on matters; is that correct?

Mr. SAMISH. Well, I would say so; yes.

The CHAIRMAN. All a part of the same general effort to protect the best interests of the wine, liquor, and beer industry?

Mr. SAMISH. The best interests of the beverage industry all the time, Senator.

Mr. RICE. On that agreement that you said Mr. Hoerchner had you sign for about \$1,250 a month. Do you have a copy of that?

Mr. SAMISH. Of that agreement?

Mr. RICE. Yes.

Mr. SAMISH. Let's see. I will be darned if I do or not. I don't know whether I have it or not. Do you mean where I sign the \$1,250?

Mr. RICE. Yes.

Mr. SAMISH. If I could help you a little bit. I don't know where it is.

Mr. RICE. Well, do you have a copy of it?

Mr. SAMISH. If I have. I will look for it, if I have. But let me say this to you: The purpose of it is, you see, that I get \$2,500 a month; they pass a resolution that I am authorized to act as their legislative representative at \$1,250 a month. He don't want me to get that plus the \$2,500. So he had me sign an agreement that that \$1,250 is deducted from the \$2,500; is that clear to you?

Mr. RICE. No.

Mr. SAMISH. Well, then I will try to make it clear.

Mr. RICE. I believe if I saw the agreement I might understand it.

Mr. SAMISH. Well, it's one of those things. I remember now that I didn't have it with me, because it didn't mean anything to me. But I will be glad to get you a copy of it.

Mr. RICE. Well, this resolution means something. They didn't draw this for nothing.

Mr. SAMISH. Sir?

Mr. RICE. They didn't draw this for nothing.

Mr. SAMISH. Well, the purpose of it was—I am trying to explain it away to you, and I will be very happy to get you it. That's a minor thing, where I signed that release, that \$1,250.

Mr. RICE. Possibly so. Possibly it might affect whether a nonprofit organization would have the right to deduct this too.

Mr. SAMISH. Well, I don't know. I mean I will be glad to get it for you. It comes under the contract arrangement. Just so that I don't get it plus.

Mr. RICE. Do you understand, Senator?

The CHAIRMAN. Yes, I understand.

Mr. RICE. Do you think that there is such an agreement in existence?

Mr. SAMISH. Oh, yes. I saw it.

Mr. RICE. And who are the parties to the agreement?

Mr. SAMISH. Nothing. I just signed a release that the \$1,250 that I get under this lobbying authorization is deducted from my \$2,500.

Mr. RICE. Whom did you release?

Mr. SAMISH. I guess the brewers.

Mr. RICE. You released the brewers?

Mr. SAMISH. (Nodding affirmatively.)

Mr. RICE. Presumably, then, they have a copy of the agreement, too.

Mr. SAMISH. Yes; or I may have the only copy. I don't know who's got it, but you can have it. It's nothing.

#### FURTHER TESTIMONY OF JAMES G. HAMILTON, SAN FRANCISCO, CALIF.

Mr. RICE. Do you know about that, Mr. Hamilton?

Mr. HAMILTON. I don't know anything about the release, but Mr. Samish is absolutely correct in his explanation of the reason for the resolution. And as I told you yesterday, it is very clearly indicated in there, in the paragraph above, the reference to Mr. Samish, that that fund—the moneys in that resolution are to be paid from the fund collected under the contract of 1935. It's in the minutes.

Mr. RICE. So, then, the true picture is that nothing comes from the 4-cent fund; is that correct?

Mr. HAMILTON. Nothing has ever come from the 4-cent fund to compensate Mr. Samish in any way whatsoever or to pay any portion of any of his expenses.

Mr. RICE. What's the purpose of having this, then?

Mr. HAMILTON. To comply with the new law—lobbying law—which Mr. Samish referred to.

Mr. RICE. Yes. Did the duties change any after the new law came into effect?

Mr. HAMILTON. His time was, the proportion as between the time that he would spend on matters affecting legislation, and they were limited in the amount that he could spend on matters affecting legislation. That was the purpose of the resolution, was to limit the—

Mr. RICE. At least respecting the 4 cents account he was limited.

Mr. HAMILTON. He has nothing out of the 4 cents account. The entire reference there is to the funds collected under the 1935 contract, and the purpose of the resolution is to limit definitely the amount of money that Mr. Samish could spend at this session of the legislature for any purpose which might have to do with influencing legislation.

The CHAIRMAN. Mr. Hamilton, this says "\$1,250." His salary under the contract is \$2,500, is it not?

Mr. HAMILTON. That is correct. Mr. Samish has explained to you that that \$1,250 is taken out of his \$2,500. The other \$1,250 that he receives is for services rendered other than those that he might render affecting legislation.

The CHAIRMAN. So the \$1,250 is for the purpose of, would you say, influencing the legislature?

Mr. HAMILTON. No, sir. It is filed, I imagine in whatever manner it is required to be filed under the law.

The CHAIRMAN. Mr. Hamilton, has Mr. Koehn got any checkbooks up there to show what the checks are for on this Crocker fund?

Mr. HAMILTON. Not that I know.

The CHAIRMAN. Well, you would know, wouldn't you?

Mr. HAMILTON. No, sir; I wouldn't know. I just know that he has checks.

The CHAIRMAN. We are going to leave someone here Monday, Mr. Hamilton. And would it be all right to come up and see Mr. Koehn and, even in the absence of the committee, to have photostats made of any checks we want to see, if he has any?

Mr. HAMILTON. You are perfectly welcome.

The CHAIRMAN. But you don't think he has any stubs?

Mr. HAMILTON. I don't think he has.

The CHAIRMAN. All right.

Mr. SAMISH. I have here, just to help you a little further, Mr. Rice, to show you that I wish to be cooperative—you see, that contract of mine changed, I mean, the wording of it, to comply with the lobby law.

Mr. RICE. Of 1950?

Mr. SAMISH. Yes. Just changed the wording in order to comply with it. So I don't get \$1,250 plus the \$25. I get the \$1,250.

Mr. RICE. The job didn't change any? Just the title?

Mr. SAMISH. That's right. The job didn't change at all—up to now. You can't tell what will happen after today.

Mr. RICE. While we are looking at that, I notice you have a dividend item in your income from the Hilton Hotel. Do you have an interest in the Hilton Hotel?

Mr. SAMISH. I own some stock that was very disappointing, Mr. Rice.

Mr. RICE. And that is in the Hilton Hotel chain?

Mr. SAMISH. I think so. You know, stock like you would buy on the open market.

Mr. RICE. Yes.

Mr. SAMISH. Very disappointing.

Mr. RICE. And have you disposed of that "disappointing" stock?

Mr. SAMISH. I guess so. I don't know. It is a small item.

The CHAIRMAN. All right. Let's see if we can get this matter about this entertainment fund settled. As I understand, this shows that you draw maybe \$1,500 out of the bank for some purpose and then that on the work sheet winds up in the "entertainment" fund.

Mr. HOERTKORN. Let me explain it this way, if I may: The tax returns as prepared are very voluminous and rather complicated; quite a bit of detail. This return in 1949 was not prepared by me, so I am not able to answer all the minute detail. But I am certain, with the detail that we have in our office, we could very satisfactorily explain how we arrived at any deduction or any income. The procedure is: For each year that it is filed there is a binder or an envelope of some type where all the pertinent information is put, and it is kept over a period of years.

Mr. RICE. All right, sir. Before you leave that, let's just see if we can't throw some light on that. Let's take a typical example of an entertainment expense and see how it is handled. Say, Mr. Samish takes someone out for a dinner and a few drinks and he spends \$50 that evening. Now, how does that get into the account? What does he tell you?

Mr. HOERTKORN. Well, he doesn't tell me anything, because I have never worked on the entertainment account. In fact, I haven't prepared any tax returns. At the present time I am in the process of preparing the 1950 return.

Mr. RICE. Yes. Now, who keeps the books of original entry for Mr. Samish?

Mr. HOERTKORN. There are two bookkeepers in the office who assist.

Mr. RICE. These are his office bookkeepers?

Mr. HOERTKORN. That is correct.



Mr. RICE. So they keep the books of original entry. What do you do? Take the books of original entry and then draw up those books?

Mr. HOERTKORN. No. This represents the books of original entry, which are finally compiled into a master system, giving the full expenses for the year. That is done by the bookkeeping staff.

Mr. RICE. Yes. Maybe Mr. Samish can tell us.

You take someone out and spend \$50 that evening. What do you do to get that into the books as an expense item?

Mr. SAMISH. Most of the times I just pay for it.

Mr. RICE. You pay for it?

Mr. SAMISH. Yes.

Mr. RICE. You pay out of the pocket?

Mr. SAMISH. Yes.

Mr. RICE. You pay out \$50 cash?

Mr. SAMISH. Yes.

Mr. RICE. Now then, what do you do the next day or the next week? Do you tell your bookkeeper?

Mr. SAMISH. A great many times, Mr. Rice, I just—I don't know, I just assume it.

Mr. RICE. You just absorb it?

Mr. SAMISH. Absorb it, that's all.

Mr. RICE. But I am talking about this \$13,000 which you didn't absorb.

Mr. SAMISH. Well, that I can't tell you offhand. But I mean a great many times I just—I pay a lot of bills out of my own pocket.

Mr. RICE. To make it blunt, what does your bookkeeper do?

Mr. SAMISH. Just a minute.

Mr. RICE. How does your bookkeeper find out?

Mr. SAMISH. Well, if I have to go out to Robert's at the Beach and I have a little arrangement out there of some kind, maybe \$50, \$60, \$70, and the tip and so forth, they send me a statement and we draw a check.

Mr. RICE. Yes. That is a check item.

Mr. SAMISH. Yes.

Mr. RICE. Now, a cash item. Cash item.

Mr. SAMISH. Now, cash item: the only thing you can do at the end of the year is for me to make a record. For instance, if I take you out tonight and go to Trader Vic's—

Mr. RICE. Yes.

Mr. SAMISH. And spend \$60—

Mr. RICE. Yes.

Mr. SAMISH. Which would be cheap—

Mr. RICE. Yes.

Mr. SAMISH. Well, it would be over there. I don't mean that. I mean that very seriously. I make a record of that in a book—in a little book that I keep.

Mr. RICE. Now, you have a little book?

Mr. SAMISH. That's right.

Mr. RICE. Yes, sir.

Mr. SAMISH. That's right.

Mr. RICE. Now, you make a personal record in a little book?

Mr. SAMISH. That's right.



Mr. RICE. And where is the little book?

Mr. SAMISH. The little book is usually with my tax stuff.

Mr. RICE. With your tax stuff?

Mr. SAMISH. Yes. I will be glad to show it to Mr. Amis Monday. I don't carry it with me.

The CHAIRMAN. Mr. Amis has been trying to get it for 10 days.

Mr. SAMISH. Not that book.

Mr. AMIS. All your personal records.

The CHAIRMAN. That is a personal record. We had a subpoena for all your personal records.

Mr. SAMISH. Well, it is a little book. I will be glad to give it to him. I am sure that I have it around, or else a record has been made up from it.

The CHAIRMAN. Just offhand it appears to me that you have a lot of accounts that you are entertaining out of: \$13,000 personally, and this other Crocker account. It's awfully hard to see how you can do that much entertaining—but I guess you can.

Mr. SAMISH. Senator, you must remember one thing, too. Permit me, please. In the last 10 years Arthur Samish has paid into the Government approximately \$400,000, which means my earning capacity must have been pretty good.

The CHAIRMAN. Yes, sir. And a lot of these corporations have paid to you or to this fund for your use an awful lot of money that would have gone to the Government if they hadn't paid it to you.

Mr. SAMISH. I think I paid most of it to the Government. I think the Government determined that pretty well.

The CHAIRMAN. Go ahead.

Mr. RICE. Getting back to the little book. Where do you say you keep that?

Mr. SAMISH. As a rule I have or make a paper and I keep a little book by the month, or something. I go to Trader Vic's, you see—

Mr. RICE. Yes.

Mr. SAMISH. And I spend, say, the \$60, as I said.

Mr. RICE. Yes.

Mr. SAMISH. Then I keep that and at the end of the year I list them.

Mr. RICE. Do you turn that over to your bookkeeper to list?

Mr. SAMISH. Yes.

Mr. RICE. Things in a little book?

Mr. SAMISH. Yes. I am sure of that. You see, I have been handicapped. Miss Ready has been away since you folks have been here.

Mr. RICE. Yes. We found that out.

Mr. SAMISH. Yes; I did too. Because I had a hard time getting that stuff together for you.

Mr. RICE. All right. Now, you have a number of entertainment items in a little book. Who decides against which account it shall be charged? You personally; the institute; the 4 cents, 3 cents, 5 cents account; Schenley's? Who decides that?

Mr. SAMISH. Well, I more or less decided where to put it.

Mr. RICE. You decide that?

Mr. SAMISH. Yes.

Mr. RICE. And then you direct your accountant or your bookkeeper?

Mr. SAMISH. Wherever it belongs.

Mr. RICE. All right, sir. And then it gets into the book and then eventually it gets to you? Is that the idea?

Mr. SAMISH. It will. It will.

Mr. RICE. It will?

Mr. HOERTKORN. It will, yes.

The CHAIRMAN. Did you have a distillery of your own, Mr. Samish?

Mr. SAMISH. I wish I did, Senator.

The CHAIRMAN. Or some little brewery?

Mr. SAMISH. I wish I did.

The CHAIRMAN. You did have one, didn't you?

Mr. SAMISH. A distillery? I own stocks in a distillery.

The CHAIRMAN. No. I mean principal stockholder. Weren't you principal stockholder in one?

Mr. SAMISH. No principal stockholder.

The CHAIRMAN. All right.

Mr. RICE. I see here a letter dated January 26, 1951, over the signature of Don Marshall, president of the California Association of Liquor Control Officers, in which mention is made that—

Arthur H. Samish has consented to serve as our legislative counsel without charge. All of you know of his often-expressed principle that liquor control officers should receive adequate remuneration commensurate with private industry and that they should have retirement benefits that will be adequate for the support of themselves and their dependent families.

Are you serving as the legislative counsel of the liquor control officers?

Mr. SAMISH. I am honored to.

Mr. RICE. And are those employees of the board of equalization?

Mr. SAMISH. Yes, I presume they are.

Mr. RICE. And you also sponsored a bill to get their salaries increased a year or so ago, did you not?

Mr. SAMISH. I have regularly, right along.

Mr. RICE. You have regularly. And isn't that the organization that polices the liquor industry?

Mr. SAMISH. Yes.

The CHAIRMAN. Anything else?

Mr. RICE. Yes.

Now, sir, getting back to your employee, Dorothy Ready. Does she have any interest in a Cork 'n Bottle outfit?

Mr. SAMISH. Let me see. She had a small interest at one time.

Mr. RICE. She had a small interest?

Mr. SAMISH. I think so; yes.

Mr. RICE. At one time. Is it possible that she still has a small interest in one of them?

Mr. SAMISH. Well, yes.

Mr. RICE. These are chain stores, are they not?

Mr. SAMISH. Well, no. There is only one left. I am not so sure. I am not really familiar with the thing. We can tell Mr. Amis Monday. I would like to give you the right information.

Mr. RICE. Yes.

Mr. SAMISH. I haven't got it.

Mr. RICE. I see in your return for 1949 that you report income from "Cork 'n Bottle, a partnership."

Mr. SAMISH. That's—

Mr. RICE. That's the same thing?

Mr. SAMISH. No, no. No, no. See, here is what I do: When that Cork 'n Bottle was originally organized, I think the license was in her name, for which I think she received—she is my secretary. We try to build up our principals. So I think she received a hundred dollars a month.

Mr. RICE. Yes. You try to build up your what?

Mr. SAMISH. People who work for us, wherever we can. If there is an interest around and it is proper and legitimate, we try to give it to them. So I think she got \$100 a month out of that.

Mr. RICE. Out of the Cork 'n Bottle?

Mr. SAMISH. Yes. And the other thing that you are talking about—

Mr. RICE. Who are the partners in the Cork 'n Bottle, this partnership that you speak of?

Mr. SAMISH. I don't know.

Mr. RICE. You don't know?

Mr. SAMISH. It is not a paying thing today. I don't know, really.

Mr. RICE. Well now, how about James Rieden? Does he have a Cork 'n Bottle interest?

Mr. SAMISH. Not to my knowledge.

Mr. RICE. Possibly on Mission Street?

Mr. SAMISH. No. That's a long time ago.

The CHAIRMAN. Give Mr. Samish a little water. His voice—

Mr. SAMISH. Oh, no. It is in good shape, Senator. I would just as well fill it up at the right time. Give me some, then.

Mr. RICE. How do these Cork 'n Bottle stores operate, Mr. Samish? Are they individual licenses?

Mr. SAMISH. Yes, individual licenses.

Mr. RICE. Individual licenses?

Mr. SAMISH. Yes.

Mr. RICE. Or is it all one partnership?

Mr. SAMISH. No.

Mr. RICE. What is it? A corporation?

Mr. SAMISH. Well, no. I will give you an example of one, if you would like to hear it.

Mr. RICE. All right.

Mr. SAMISH. Relax. This is a real interesting story. In Sacramento, during the last World War, I decided to organize in the interest of industry what we call a military bottle shop. It is a military bottle shop.

Mr. RICE. Yes.

Mr. SAMISH. At that time the OPA was on. And they sold liquor between 5 and 8. So I went to Sacramento for the purpose of eliminating any black marketing or any tricking by anyone for the kids in uniform, and I organized a military bottle shop in the Senator Hotel. And in organizing that set-up I took a lady by the name of Frances, who was a chambermaid who was nice to me at one time when I was sick, and I took another gentleman by the name of Tony Monti, an infantile paralytic, a newspaper boy who sold papers at Tenth and K Streets in Sacramento, and I took a retired man named Harry Hansen from McKesson & Robbins, and I coordinated that into an outfit up there called Military Bottle Shop. Military Bottle Shop.



Mr. Rice, this is very interesting.

Mr. RICE. Yes, sir.

Mr. SAMISH. And——

Mr. RICE. I have heard it before.

Mr. SAMISH. Then you know something that is worth while.

We turned around and we put up signs. We blew them up. No black marketing would happen here. And every bottle that was taken out of the case, in red or black crayon the price was written. The signs were put up. Both OPA prices and the Military Bottle Shop's prices were put up. The boys in uniform used to come there in the afternoon and show their credentials, that they were over 21 years of age, and register. And at 5 o'clock the line started and formed, and at 8 o'clock they were through. And every day they sold everything on those shelves. Because they were all outstanding merchandise, at prices below the OPA.

Now, that ownership was by the people I mentioned. Plus the fact that at Tenth and K in Sacramento, I organized the Tenth and K Bottle Shop, and Tony Monti, the newsboy in front, was still selling his papers as president of that bottle shop. And the profits of that bottle shop—the profits of that bottle shop went to Tony Monti, and the other half went to the recreational fund of the field out in Sacramento that took care of the boys in uniform.

Mr. RICE. All right, sir. Does James Rieden have an interest in a Cork 'n Bottle Shop?

The CHAIRMAN. With Mr. Samish?

Mr. RICE. Well, he has an interest in the Cork 'n Bottle, as I understand it, Senator. I am going to ask a question. I haven't heard the answer to the question. I can't find out whether James Rieden does.

Mr. SAMISH. No, James Rieden has no interest in the Cork 'n Bottle Shop.

Mr. RICE. Has no interest?

Mr. SAMISH. No.

Mr. RICE. All right. How about Better Brands, Inc.?

Mr. SAMISH. Better Brands?

Mr. RICE. Do you have an interest in that?

Mr. SAMISH. Yes, sir.

Mr. RICE. And is that a nonprofit organization?

Mr. SAMISH. No, sir.

Mr. RICE. Is that an organization for profit?

Mr. SAMISH. Yes, sir. I own stock in it, the same as I would in any other company.

Mr. RICE. And what does that company deal in?

Mr. SAMISH. It's a wholesale distributing house, of which I own stock.

Mr. RICE. Do you know whether or not George Reilly owns stock in that?

Mr. SAMISH. Not to my knowledge. I am sure he doesn't.

Mr. Rice?

Mr. RICE. Yes, sir.

Mr. SAMISH. I would like to give this letter to the Senator. I know this is one letter he would like in connection with that bottle shop thing. You started really on something that I am concerned about. May I?



The CHAIRMAN. Yes. Let me have it.

Mr. SAMISH. Will you read it? Will you do that for me, please?

Excuse me.

The CHAIRMAN. Yes, sir.

Mr. SAMISH. Make that a part of the record, if you will, Senator. I am proud of that letter.

The CHAIRMAN. I will, Mr. Samish.

Mr. SAMISH. It was from Tony Monti, the newsboy.

(Photostatic copy of letter dated March 15, 1948, from Tony Monti to Arthur H. Samish was received in evidence, marked "Exhibit No. 62," and is on file with the committee.)

Mr. RICE. Have you ever heard of Canadian Ace beer?

Mr. SAMISH. Who?

Mr. RICE. Canadian Ace beer.

Mr. SAMISH. Canadian Ace beer? I might have heard of it but I don't recall it offhand, Mr. Rice. Canadian Ace beer? What do you mean?

The CHAIRMAN. Did you help Mr. Greenberg get Canadian Ace—or what is the other name of the company?

Mr. RICE. The Manhattan Brewery Co. of Chicago.

The CHAIRMAN. Or Manhattan Brewing Co. beer started in California?

Mr. SAMISH. I don't know Mr. Manhattan, don't know Mr. Greenberg, don't know Mr. Canadian Ace.

The CHAIRMAN. You never represented them?

Mr. SAMISH. No. That is one thing I know nothing about.

The CHAIRMAN. All right.

Mr. RICE. Do you know a Frank Portnoy at Palm Springs?

Mr. SAMISH. Yes, sir; I do.

Mr. RICE. What does he do?

Mr. SAMISH. Well, he runs a liquor store and he did run a gambling place.

Mr. RICE. Do you have any interest in either his liquor store or gambling place?

Mr. SAMISH. Do I have any interest?

Mr. RICE. Yes.

Mr. SAMISH. To see that it is closed.

Mr. RICE. I beg your pardon?

Mr. SAMISH. To see that it is kept closed.

Mr. RICE. Have you ever had an interest in it?

Mr. SAMISH. Never.

Mr. RICE. Have you ever had any piece of Frank Portnoy?

Mr. SAMISH. Did I ever have any what?

Mr. RICE. Did you ever have any piece or part of Frank Portnoy?

Mr. SAMISH. What do you mean "a piece"? I never had anything to do with Frank Portnoy. I never had a business transaction with him.

Mr. RICE. Now, sir, in connection with your personal expenditures, I believe there is a record where some of your income is deposited into your personal bank account and some of your income are checks that are cashed at various places. Is that correct? You don't deposit all of your income in the bank?

Mr. SAMISH. Not if I needed it. If I happen to have a check and needed the money.

Mr. RICE. You would cash it wherever you happened to be?

Mr. SAMISH. Yes.

Mr. RICE. Did you ever make a bet with a bookie off-track?

Mr. SAMISH. Oh, yes.

Mr. RICE. "Oh, yes"?

Mr. SAMISH. Yes.

Mr. RICE. And did you make any bets with bookies off-track in California in 1950?

Mr. SAMISH. In 1950?

Mr. RICE. Yes.

Mr. SAMISH. I couldn't remember.

Mr. RICE. You couldn't remember?

(Mr. Samish shaking head negatively.)

Mr. RICE. It is last year.

Mr. SAMISH. I wouldn't know.

Mr. RICE. How about 1949?

Mr. SAMISH. I wouldn't remember.

Mr. RICE. You couldn't remember whether you bet with a bookie in 1949 or 1950?

Mr. SAMISH. I am mostly interested in betting at race tracks when I did. But I don't do it any more.

Mr. RICE. When was the last time you would say that you bet with a bookie?

Mr. SAMISH. Oh, I couldn't recall.

Mr. RICE. What is your best guess about it?

Mr. SAMISH. I wouldn't want to guess, because I couldn't say.

Mr. RICE. Well, was it more than 5 years ago?

Mr. SAMISH. That I couldn't tell you. I'm always looking for a tip.

Mr. RICE. And what do you do if you get a tip?

Mr. SAMISH. Well, if I get a tip and I'm going to the race track, I will try and bet on the horse.

Mr. RICE. Suppose you are not going to the track and you get a tip?

Mr. SAMISH. Well, you can't tell what I'll do.

Mr. RICE. You can't tell?

Mr. SAMISH. No. I don't know. There are no bookies left.

Mr. RICE. All right. So you can't come within 10 years then, of the last time you placed a bet off-track? Is that the idea? Is that a fair statement?

Mr. SAMISH. Well, I don't know whether it is a fair statement or not. I don't know what it has got to do with this investigation, or rather this hearing.

Mr. RICE. Well, is that the basis for your refusal to answer?

Mr. SAMISH. No. Why, of course not. I would be delighted to answer if I knew.

Mr. RICE. Did you ever place a bet with Mickey Cohen?

Mr. SAMISH. A bet with Mickey Cohen?

Mr. RICE. Yes, sir.

Mr. SAMISH. No, sir; I did not.

Mr. RICE. All right, sir. When you were down at Hot Springs. Do you recall that, the last trip down there?

Mr. SAMISH. I was there sometime last year; yes.

Mr. RICE. Where did you stay?

Mr. SAMISH. Arlington Hotel.

Mr. RICE. And how long were you at the Arlington?

Mr. SAMISH. I don't just recall.

Mr. RICE. Well, was it about 3 or 4 weeks?

Mr. SAMISH. Well, I usually try to take, whenever I find time, 21 baths. That would be 3 weeks or less.

Mr. RICE. That was in April of 1950, wasn't it?

Mr. SAMISH. Well, just when I don't know. You have the record there.

Mr. RICE. All right. When you were down there, did you meet a fellow by the name of Joe Adonis?

Mr. SAMISH. Yes, I met Joe Adonis.

Mr. RICE. And tell us about Joe.

Mr. SAMISH. Well, there is nothing that I can tell you. You are down there in a hotel, and it is more or less of an assembly place where you meet everybody.

Mr. RICE. Was that the first time you met him?

Mr. SAMISH. I have been down there. I go down there once or twice a year.

Mr. RICE. Have you ever met Adonis any place outside of Hot Springs?

Mr. SAMISH. Oh, I might have seen him around New York.

Mr. RICE. You might have seen him around New York. And who is Joe Adonis?

Mr. SAMISH. He is a gentleman by the name of Joe Adonis. I don't know anything about him. I never had any business with him.

Mr. RICE. A "gentleman," you say?

Mr. SAMISH. I say I know nothing about him. I never had any business with him.

Mr. RICE. But you did talk with him while you were down at Hot Springs?

Mr. SAMISH. Yes. That is my habit: talking with everybody, Mr. Rice.

Mr. RICE. Did you talk with Charlie Fischetti lately?

Mr. SAMISH. No. I wouldn't know him.

Mr. RICE. While you were down there, you were in room—what? 535? Is that right?

Mr. SAMISH. I don't know.

Mr. RICE. I think Adonis was in 635. And there was a telephone call here charged to your room to the Beverly Country Club in New Orleans. What was that for?

Mr. SAMISH. I couldn't tell you.

Mr. RICE. You made——

Mr. SAMISH. Well, I couldn't tell you. Maybe I wanted to say "hello" to Mr. Kastel or Mrs. Kastel.

Mr. RICE. Are they friends of yours?

Mr. SAMISH. Yes. I know Phil Kastel and Mrs. Kastel.

Mr. RICE. What business are they in? You think you may have called Phil Kastel down there to say "hello"? Is that the idea?

Mr. SAMISH. I don't recall. I really can't say. Or maybe somebody was going down there and they asked me to make a reservation. I just can't say. I don't know. I don't know the nature of the conversation.

Mr. RICE. I see you made several calls, I believe, to Detroit, Mich., to the Berke Book Shop at 1414 Washington Boulevard.

Mr. SAMISH. No, it is not a "book" shop. It is a bootery shop.

Mr. RICE. "Boot"? "Boot"? B-o-o-t?

Mr. SAMISH. That's right.



Mr. RICE. What was that for?

Mr. SAMISH. I tried to get a new car, I assume.

Mr. RICE. From a boot shop?

Mr. SAMISH. Now, wait a minute. Let's be nice about it. Mr. Benny Berke is a very high-class gentleman and he has connections. I guess he services a lot of those people around there—automobile manufacturing places.

Mr. RICE. Yes.

Mr. SAMISH. I am trying to get a new car.

Mr. RICE. What type were you trying to get?

Mr. SAMISH. Well, almost anything I think is a good car. I usually drive Cadillacs.

Mr. RICE. So that all these calls, then, were in connection with trying to get a Cadillac?

Mr. SAMISH. Sure.

Mr. RICE. Did you get it?

Mr. SAMISH. What?

Mr. RICE. Did you get it?

Mr. SAMISH. Yes, I finally got it. Got a good one, too.

Mr. RICE. I see where you called San Francisco, to Plaza 5-2850, to Berke, at the Arnold's Blacksmith Shop, Edgeworth and Washington Streets.

Mr. SAMISH. Who?

Mr. RICE. That is the listing I have.

Mr. SAMISH. That I couldn't tell about.

Mr. RICE. Do you know anyone by the name of Berke here?

Mr. SAMISH. I presume I do, but that I couldn't tell you about.

Mr. RICE. Do you know anybody in Arnold's Blacksmith Shop?

Mr. SAMISH. No. I have no harnessing. No; I don't know.

Mr. RICE. You have got numerous calls to Chicago, to Randolph 6-1982, which is listed to Jackstone Cigar Store, 217 North Clark Street. What was that for?

Mr. SAMISH. Probably looking for a tip.

Mr. RICE. Probably looking for a tip?

Mr. SAMISH. Tip.

Mr. RICE. And you are calling Chicago, looking for a tip on what?

Mr. SAMISH. On a horse or anything.

Mr. RICE. And what would you do if you got a tip from there?

Mr. SAMISH. I don't know. Half the time I don't know any more.

The CHAIRMAN. All right.

Mr. RICE. All right.

The CHAIRMAN. Just two more questions, Mr. Samish.

Does it make any difference, or do you engage along political lines in deciding on these candidates whom you will support? I mean, out of this fund from which you make contributions, do you consider the politics, whether they are Democrats or Republicans, or does that make any difference?

Mr. SAMISH. It doesn't make a bit of difference.

The CHAIRMAN. Just so——

Mr. SAMISH. That they are good men.

The CHAIRMAN. Just so that they are good men and not too unfriendly to your program?

Mr. SAMISH. I won't say that. Good men and temperate.



The CHAIRMAN. And on that basis, then, you make contributions to both the Democratic and the Republican Parties?

Mr. SAMISH. We have a cross-filing system here in California, Senator. I think you are familiar with it.

The CHAIRMAN. Yes; I am familiar with it.

Mr. SAMISH. And we have permanent registration.

The CHAIRMAN. What is that?

Mr. SAMISH. We have permanent registration, Senator.

The CHAIRMAN. Apparently you have made contributions personally to both parties here. Do you make contributions out of this 5-cent bank account to both parties also?

Mr. SAMISH. I don't recall, Senator.

The CHAIRMAN. You don't know what you use all that cash for?

Mr. SAMISH. No; I don't recall.

The CHAIRMAN. As a matter of fact you tried to charge off on your income tax here a \$1,000 contribution which was disallowed. Do you remember that?

Mr. SAMISH. No, I don't recall that particular one.

Mr. RICE. You have a personal expense item here I would like to ask you about. There is an expense item here to Floyd F. Russell.

Mr. SAMISH. Yes, sir. I'll tell you about that one. You don't have to look it up. I belong to locker room 328 at the Olympic Club, and I am sure that Mr. Russell is a member too, and I think he is custodian of the room. What I mean by that, we have 25-30 members of the Olympic Club, and he bills us every 3 months, every 6 months, or once a year.

The CHAIRMAN. What is this track that you were talking about that you own?

Mr. SAMISH. Multnomah Kennel Club in Portland, Oreg. I don't own it, Senator. I wish I did.

The CHAIRMAN. Well, you are one of the principal stockholders.

Mr. SAMISH. No, no; not a "principal." Very small stockholder.

The CHAIRMAN. Do you know James Quinn of St. Louis?

Mr. SAMISH. No, I don't know him. This is up in Portland, Oreg.

The CHAIRMAN. I know. But do you know whether he is one of the owners of that track also?

Mr. SAMISH. I never heard the name.

The CHAIRMAN. Quinn?

Mr. SAMISH. No. The only one I happen to know in St. Louis is some of the Anheuser-Busch people.

The CHAIRMAN. How often do you go up to this track in Portland, Oreg?

Mr. SAMISH. I have never seen it. I have had the investment for 17 years, but I have never seen it. I am going up there sometime. And they tell me it is a wonderful operation.

The CHAIRMAN. Now, Mr. Samish, Mr. Amis and someone else will stay here for a few days to get what books and records we are able to from you and Mr. Hamilton and Mr. Koehn. And of course, as matters stand now, it is very difficult to tell much about the details of this 5-cent bank account. We will appreciate your cooperation in helping them get such information as they want.

Mr. SAMISH. Thank you, Senator.

The CHAIRMAN. Do you have anything else you want to say, sir?

Mr. SAMISH. No, not a thing. I just want to thank you for your kindness in permitting me to come here.

The CHAIRMAN. That is very thoughtful of you, Mr. Samish.

Mr. SAMISH. And you too, Mr. Rice.

The CHAIRMAN. I am glad you have had a good time.

Mr. SAMISH. I probably would have never met you or had a chance to, unless things like this came up.

The CHAIRMAN. Does anyone else want to testify who feels that they have been talked about in this hearing?

(No response.)

Time is getting very late. Does anyone else want to testify? (No response.)

We have some other witnesses who have been subpoenaed here. I am awfully sorry that we haven't got to all of them. But it is very late and it is necessary that we bring our hearing to a conclusion. All witnesses will remain under subpoena, subject to further call. But we will get in touch with you if we want you again.

This will complete our San Francisco hearing, then. As I said in the beginning, my impression is that in California (this is gained from the hearing both in Los Angeles and San Francisco), while there are some organized interstate crime and racketeering that still exist in California, and of course there always will be in any large segment of population, I do think that there have been very impressive signs of showing better law enforcement and better conditions insofar as eliminating law violations in California are concerned. You have some counties around that are still in very bad shape and about which we would like to have heard some testimony. But I think that the California Crime Commission and certain new, more capable public officials having been elected, the law against coin-operated devices, the banning of the news service, and many other things have put California ahead of many of our States in progress in combating big-time, commercial crime and gambling and other types of illegal activity.

It has been very interesting to note in this hearing that a man, Mr. Cohen, who wouldn't testify, apparently is looking forward to getting again an active franchise with Continental Press and who perhaps may be doing some kind of wire service operation at the present time. But there is not very much wire service coming to California that we can find out about, except some that is stolen here and there.

It has been interesting to observe the new type of device that has been concocted to get around the law that was passed by Congress and also by the California Legislature, both laws being worded, I think, "coin-operated devices." I suppose this shows us the very ingenious methods that will be used to avoid the application of those laws by paying the cashier or paying the bartender and letting him register a certain number of games that you can play; and then when you get through, either pay you or not, depending upon whether you have won something.

We have had one very unfortunate incident here. The Commissioner of Internal Revenue, or someone in the Treasury Department, first directed certain Treasury internal revenue agents not to testify unless they testified at a closed session. The matters involved are not in connection with tax matters; they involve the conduct of the people themselves. Manifestly a legislative committee could not abide by a decision of that sort, and I am glad the Treasury Department changed its mind about it. Because if congressional committees

are going to exercise their constitutional power, it is necessary that they be able to call witnesses to testify, regardless of any order to the contrary by somebody in the executive department. And I am afraid that the order issued, which later happily was withdrawn, will be misunderstood and will be a reflection on the Treasury Department in many circles throughout the country.

When we were here in November, we found that the great Internal Revenue Department, in which the people of our country must have full confidence if our country is going to exist as a healthy democracy, because the taxing power is closest to the people and most important to the people and it must be above any kind of suspicion, had some few people among the twelve or thirteen hundred people in the San Francisco and perhaps in the Los Angeles divisions who had cast quite a reflection, and it caused a considerable loss of confidence in the Internal Revenue Department in this section. And that, of course, has a bad effect throughout the Nation. I think the Internal Revenue Department contains a great group of honest, courageous public servants who are willing to work in many cases overtime and after hours and who are rendering the United States a very valuable public service. It is most important that all of the bad apples in that Department be culled out and that they be eliminated.

Mr. Davies, the new agent in charge of the Intelligence Service, had just been put in charge about 3 or 4 months before we were here in November. He has eliminated some of the bad spots in the department out here. A fellow named Malloy has been kicked out and some others. But I think that I must say that the department, insofar as some few people in key positions, is not in good shape. There has been a considerable moral let-down among certain officials in the department. I know that Mr. Davies and I hope the Intelligence Service will continue its investigation and will weed out, and as quickly as possible, the people who are responsible for the bad condition that exists in certain parts of the Internal Revenue Department out here. This should not be a reflection upon the many good officials in the department. But four, five, or six, operating under suspicious circumstances and doing bad things, can cast a doubt upon and impair the work of the whole group. And of course that is something the Treasury Department and Congress and none of us want to see happen.

We have also been trying to make some investigation of the liquor industry throughout the country, with particular emphasis upon racketeer or criminal elements that may have gotten into the liquor industry and as to practices in the industry which are conducive to infiltration by racketeer elements. We have found in many places, particularly at the wholesale level, that some of the old racketeers of prohibition days were blanketed in, so to speak, and that in some places the criminal element has gotten very substantial control.

We find in California, not in a criminal way, not in the way that we speak of other racketeers or criminals, that the liquor and the brewery industry does have a very substantial influence with the legislature. We have not been able to get fully into how the fund is operated, as to whether the laws are fully complied with or not, because we cannot find everything that has been done with the money. But I am certain the Congress will be very much interested and I imagine that some future investigation will be made into more details



of a program that we have found growing up throughout the country; namely, enabling corporations to contribute to political campaigns and to take part in politics. We found in New Orleans that a pinball association had been formed. The pinball operators did not do very much themselves. They paid money to an association, which in turn put money into both sides of almost every campaign. That is what is being done out here.

From the State viewpoint I am not going to comment on it one way or the other, because that is not our matter. But to the extent that any contributions may be made to Federal elections (and the evidence at least indicates that there may have been some that might have been used for that purpose), that seems to me to be an indirect method of violating the Corrupt Practices Act, which prevents corporations and labor unions and other types of business from making direct political contributions.

The committee is very much interested and I am sure that the Congress will be interested in this method of securing partially tax-exempt status for an association and then keeping practically no records, or records so scant that the United States Government could not possibly check up on how much money was spent for one purpose and how much was spent for another purpose. The lack of books that has been exhibited here by the so-called contract fund and the Crocker Bank is literally amazing, when you consider that under the Internal Revenue Code the taxpayer is supposed to keep books and records. And that applies to nonprofit corporations or associations of this kind. A hasty examination of the records would certainly indicate that a 50-50 proportion, in my opinion, is losing the Government considerable revenue. Because I think the larger part of it is being used for purposes that cannot be deducted.

We will go into the matter further. There is a committee of the House Ways and Means Committee that is going to make a further investigation. And this practice that has grown up here (and we have found it in other parts of the country), in my opinion is causing the United States Government to lose lots of money insofar as taxes are concerned. Some of the information we have got about the liquor industry here fits into what we have gotten in other parts of the country. And I think in general that our hearing here has been very successful from the viewpoint of the report that we will make to Congress.

We will make our report on or about the 31st of March, and copies of all the hearings will be available.

I want to again thank the judge for the use of this courtroom, the marshal and his deputies and the building superintendent; and Mr. McMillan of the United States attorney's office, who had to leave, and Mr. Lynch for being here with us, and the chief of police for his kindness to us, and all of the good people we have had the opportunity of meeting and who have made our stay in San Francisco so very pleasant. We will look forward to coming out and being with you again, not in an investigation of crime but to enjoy some of the good hospitality and the fine weather and sunshine of the beautiful State of California.

The committee will stand in adjournment, subject to further call of the chairman.

(Whereupon, at 6:50 p. m., the committee adjourned.)



## APPENDIX

### EXHIBIT No. 42

#### CALIFORNIA STATE BREWERS' INSTITUTE

The California State Brewers' Institute maintains an account with the Crocker First National Bank, San Francisco, designated as a special account, which is kept separate from other moneys of the institute. This fund is controlled by Karl F. Schuster, William P. Baker, and Joseph Goldie, whose signatures are required on all checks.

Attached hereto is a transcript of the deposits made to this account for the past 6 years which will indicate that \$935,943.19 has been deposited to this account. There will also be noted some large withdrawals made, which no doubt can be explained by Mr. Samish inasmuch as he has control over the expenditures of these funds.

The funds deposited to this account represent 5 cents a barrel on beer sold in the State of California by the members of the California State Brewers' Institute. The collection of these funds is made by the institute; however, Mr. Hamilton, the secretary, does not have control over the account.

Mr. William P. Baker should be able to give some information regarding the purpose for which this account is kept and for what purpose it has been spent.

#### *Crocker First National Bank of San Francisco*

a/c California State Brewers' Institute—Special account No. 2. 3 signatures necessary: Karl F. Schuster, William P. Baker, and Joseph Goldie.

	Deposits	Withdrawals	Balance
1945-Jan. 1.....			\$74, 138. 54
Jan. 2.....	\$1, 601. 35		
Jan. 12.....	3, 523. 65		
Jan. 31.....	8, 636. 07		
Feb. 3.....		\$2, 500. 00	
Feb. 3.....		2, 500. 00	
Feb. 5.....	3, 077. 10		
Feb. 21.....	3, 249. 98		
Feb. 28.....	6, 504. 18		
Mar. 9.....	2, 875. 85		
Mar. 22.....	4, 824. 35		
Mar. 27.....	4, 539. 06		
Mar. 30.....	2, 214. 05		
Apr. 21.....	5, 307. 42		
Apr. 28.....	3, 449. 75		
May 8.....		2, 500. 00	
May 8.....		1, 000. 00	
May 11.....	1, 762. 95		
May 16.....	2, 643. 10		
May 23.....	2, 236. 75		
May 31.....	4, 353. 27		
June 12.....	2, 603. 20		
June 30.....	7, 924. 82		93, 804. 45
July 12.....		2, 500. 00	
July 13.....	6, 047. 48		
July 18.....	2, 491. 45		
July 20.....	2, 288. 45		
July 26.....	5, 112. 59		
Aug. 2.....		2, 500. 00	
Aug. 4.....	1, 976. 95	7, 500. 00	
Aug. 13.....	3, 096. 13		
Aug. 16.....	1, 190. 00		
Aug. 28.....		2, 500. 00	
Aug. 31.....	7, 166. 78		
Sept. 6.....		2, 500. 00	
Sept. 13.....	2, 366. 95		

*Crocker First National Bank of San Francisco—Continued*

	Deposits	Withdrawals	Balance
1945—Sept. 17	\$1,818.95		
Sept. 24	7,823.87		
Sept. 29	1,449.80		
Oct. 11		\$2,500.00	
Oct. 13	6,983.84		
Oct. 31	5,095.04		
Nov. 1		2,500.00	
Nov. 1		2,500.00	
Nov. 5	6,200.80		
Nov. 17	6,685.84		
Nov. 24	2,529.77		
Nov. 29	2,618.14		
Dec. 4		2,500.00	
Dec. 12	4,042.30		
Dec. 17	7,409.83		
Dec. 19	3,231.05		
Dec. 29	5,519.45		
Dec. 31			\$137,952.73
1946—Jan. 17	5,613.76		
Jan. 31	5,908.25		
Feb. 19	5,378.80		
Feb. 28	5,058.75		
Mar. 8	2,890.90		
Mar. 14	5,968.11		
Mar. 21	2,076.40		
Mar. 25		5,000.00	
Mar. 26	3,313.33		
Apr. 2		5,000.00	
Apr. 16	3,256.38		
Apr. 27	4,717.39		
Apr. 30	651.95		
May 11	4,225.50		
May 17	7,228.46		
May 23	5,818.80	30,000.00	
May 27		20,000.00	
May 29		5,000.00	
May 29		3,000.00	
June 10	267.35		
June 19	2,782.65		
June 29	3,752.18		
July 16	2,463.00		
July 19	1,623.70		
August 6	5,053.99		
Aug. 13	5,846.40		
Aug. 21	6,076.04		
Aug. 30	5,097.75		
Sept. 27		10,000.00	
Sept. 30	9,300.01		
Oct. 16	8,020.06		
Oct. 22	7,554.31		
Oct. 29		10,000.00	
Oct. 31	481.15		
Nov. 9	2,804.05		
Nov. 20	12,709.52		
Nov. 29	984.40		
Dec. 31	11,969.59		105,318.96
1947—Jan. 1			105,318.96
Jan. 9		7,500.00	
Jan. 22	3,832.76		
Jan. 31	8,329.94		
Feb. 3		2,500.00	
Feb. 7		2,500.00	
Feb. 21	8,453.77		
Feb. 28	2,113.35		
Mar. 15	3,173.85		
Mar. 31	9,059.67		
Apr. 11	1,845.20	2,500.00	
Apr. 15		2,500.00	
Apr. 26	2,718.00		
Apr. 30	4,133.47		
May 19	5,502.58		
May 23	10,438.96		
May 29	2,032.90		
June 20	5,835.93		
June 28	9,521.77		
July 19	5,595.63		
July 24	7,008.20		
July 31	699.05		
Aug. 20	6,094.59		
Aug. 28	5,561.03		
Aug. 29		5,000.00	
Sept. 19	8,964.16		121,810.96
Sept. 20	834.85		

*Crocker First National Bank of San Francisco—Continued*

	Deposits	Withdrawals	Balance
1947—Sept. 30.....	\$7, 104. 75		
Oct. 15.....	3, 190. 70		
Oct. 31.....	3, 669. 15	\$10, 000. 00	
Do.....	10, 472. 50		
Nov. 5.....		7, 500. 00	
Nov. 13.....	2, 710. 25		
Nov. 21.....	2, 477. 80		
Nov. 29.....	8, 828. 41		
Dec. 18.....	3, 515. 40		
Dec. 27.....	5, 334. 93		\$131, 153. 98
1948—Jan. 14.....	5, 453. 44		
Jan. 23.....	6, 501. 78		
Jan. 30.....	1, 540. 45		
Feb. 13.....	5, 779. 59		
Feb. 21.....	4, 169. 53	5, 000. 00	
Feb. 28.....	2, 338. 76		
Mar. 19.....	3, 831. 00		
Mar. 24.....	3, 738. 80		
Mar. 30.....	3, 185. 00		138, 587. 20
Apr. 1.....		5, 000. 00	
Apr. 10.....		25, 000. 00	
Apr. 20.....	5, 258. 02		
Apr. 30.....	7, 922. 72		
May 17.....		10, 000. 00	
Do.....		10, 000. 00	
May 21.....	4, 677. 09		
May 28.....	3, 193. 00		
June 8.....	2, 028. 55	10, 000. 00	
June 16.....	4, 473. 68		
June 19.....		5, 000. 00	
June 22.....	1, 426. 65		
June 30.....	4, 758. 22		
July 14.....	6, 278. 54		
July 23.....	4, 858. 68		
July 30.....	736. 90		
Aug. 23.....	11, 470. 63		
Aug. 31.....	2, 915. 25		
Sept. 10.....	2, 043. 75		
Sept. 14.....	1, 948. 70		
Sept. 30.....	4, 279. 71		
Oct. 6.....		10, 000. 00	
Oct. 13.....	9, 440. 89		
Oct. 22.....	6, 795. 07		
Oct. 29.....	4, 029. 48		
Nov. 12.....	5, 102. 65	7, 500. 00	
Nov. 29.....	2, 266. 10		
Nov. 30.....	3, 829. 23		
Dec. 3.....	7, 657. 43	5, 000. 00	
Dec. 17.....	2, 712. 30		
Dec. 24.....	3, 644. 75	2, 500. 00	
949—Jan. 14.....	4, 394. 80		
Jan. 21.....	2, 480. 48		
Jan. 31.....	2, 915. 70		
Do.....			66, 117. 00
Feb. 11.....	2, 672. 40		
Feb. 21.....	2, 407. 40		
Feb. 28.....	4, 379. 17		
Mar. 17.....	4, 033. 60		
Mar. 31.....	2, 624. 10		
Apr. 14.....	6, 362. 70		
Apr. 20.....	4, 190. 24		
Apr. 29.....	3, 834. 23		
May 23.....	7, 809. 70		
May 27.....	3, 791. 77		
June 20.....	6, 524. 87		
July 19.....	7, 757. 61		
July 29.....	2, 327. 85		
Aug. 15.....	15, 382. 44		
Aug. 31.....	6, 108. 63		
Sept. 30.....	12, 156. 14		
Oct. 7.....	3, 463. 55		
Oct. 18.....	5, 132. 69		
Oct. 26.....	2, 042. 20		
Oct. 31.....	4, 186. 00		
Nov. 3.....		10, 000. 00	
Nov. 15.....	7, 380. 88		
Nov. 29.....	4, 437. 83		
Nov. 30.....	2, 081. 05		
Dec. 20.....	7, 754. 76		
Dec. 30.....	4, 664. 45		

*Crocker First National Bank of San Francisco—Continued*

	Deposits	Withdrawals	Balance
1950—Jan. 17.....	\$6,751.55	-----	
Jan. 31.....	4,247.35	-----	
Feb. 14.....	5,430.75	-----	
Feb. 28.....	4,409.54	-----	
Mar. 16.....	6,609.25	-----	
Mar. 31.....	829.15	-----	
May 17.....	22,797.26	-----	
May 19.....	-----	\$10,000.00	
May 23.....	-----	10,000.00	
May 24.....	-----	10,000.00	
Do.....	-----	10,000.00	
May 29.....	-----	6,000.00	
May 31.....	9,583.09	-----	
June 19.....	5,673.95	-----	
June 30.....	4,884.25	-----	
June 3.....	-----	10,000.00	
July 17.....	6,222.55	-----	
July 24.....	3,036.60	-----	
July 31.....	4,808.92	-----	
Aug. 15.....	6,206.80	-----	
Oct. 2.....	23,748.13	-----	
Oct. 10.....	-----	15,000.00	
Oct. 13.....	9,651.02	-----	
Oct. 25.....	10,097.15	-----	
Oct. 31.....	2,421.60	-----	
Nov. 10.....	-----	10,000.00	
Nov. 22.....	10,893.08	-----	
Nov. 30.....	4,787.41	-----	
Dec. 22.....	8,920.87	-----	
Dec. 31.....	-----	-----	\$43,913.29
Total deposits for 6 years.....	935,943.19	-----	



## SUPPLEMENTAL DATA

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DONALD O. BIRCHER, TAX CONSULTANT,  
*Hollywood 28, Calif., November 20, 1950.*

HON. ESTES KEFAUVER,  
*Chairman, Special Committee to Investigate  
Crime in Interstate Commerce, Washington, D. C.*

DEAR SENATOR KEFAUVER: On November 19, 1950, I appeared as a witness before your committee at Los Angeles, Calif. During the taking of my testimony I was invited to make suggestions as to appropriate changes in the income-tax laws which might facilitate control of crime.

To your committee I offered the following suggestions, which are more fully stated herein:

1. Section 1905, title 18, United States Code, prohibits disclosures by internal-revenue employees as to facts ascertained in the course of income-tax investigations. It is suggested that this law be amended to allow disclosures, through appropriate official channels, of criminal violations of State and Federal laws. For example, an internal-revenue officer discovering mail frauds cannot report it directly to a post-office inspector.

2. Legislation should be enacted to define "records" which should be kept by taxpayers to support the items of income and deductions claimed on returns. At present there is no definition of "records" and even the memory of a taxpayer may be sufficient for his purposes and for present requirements. However, if requisite records are defined as to written memoranda sufficient to enable a Government agent to verify all receipts and deductions claimed, such requirements will enable a taxpayer to prove income and expenses, and lapses of memory, convenient or otherwise, will not obstruct verification of taxable income by the ultimate and actual recipients. Also, it will discourage illegal transactions if written records are required.

3. There are some business expenses which should be outlawed as deductions for income-tax purposes. Expenditures made in violation of public policy; i. e., graft payments to public officials, expenditures made in connection with all crimes which are *malum per se* and in some which are only *malum prohibitum*. That is, all expenses should be disallowed as deductions which are made in furtherance of the commission of a crime involving moral turpitude or moral badness. Such expenditures may be illustrated by graft payments to public officials, or payments by a doctor to a druggist as forwarding fees for referring illegal abortion cases to him. Even over-ceiling payments by a retailer of meats in a time of war when our national life is at stake should be defined as allowable deductions, based upon an expenditure made in violation of law and public policy.

In the event you desire any further explanation of my suggestions, I shall be pleased to furnish same at your request.

Respectfully yours,

DONALD O. BIRCHER.

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HOTEL LAST FRONTIER,  
*Las Vegas, Nev., January 9, 1951.*

Senator ESTES KEFAUVER,  
*United States Senate,  
Washington, D. C.*

DEAR SENATOR KEFAUVER: You will recall that I was invited to testify and did testify before your Senate committee in Las Vegas, Nev., on November 15, 1950.

Since that date I have read the press accounts that I had testified to the fact that Hotel Last Frontier laid off bets which were subsequently placed in inter-

state commerce with bookmakers in other cities. Although I do not have a copy of the record that was made of my testimony, it is my impression that the press reports are erroneous.

To the best of my knowledge, the following are questions asked by the Senate committee and the answers I gave:

"Q. If Hotel Last Frontier had any commission arrangement in operation of gambling, other than those with stockholders?

"A. Yes.

"Q. What commission arrangement?

"A. The commission room.

"Q. Who operated the commission room?

"A. Phillipps.

"Q. What is a commission room?

"A. Any room or business where lay-off bets were made.

"Q. Where did the room get its business?

"A. Race book at Golden Slipper and, I presume, other race books in Las Vegas.

"Q. Did the commission room make lay-off bets with Carroll in St. Louis and another bookmaker in New Jersey?

"A. I don't know.

"Q. Who would know?

"A. Operator of commission room, Mr. Phillipps.

"Q. In your opinion, who were lay-off bets made with?

"A. I presume with various bookmakers throughout the United States.

"Q. Can we interview Phillipps?

"A. I presume so."

For your information, the Hotel Last Frontier, Inc., recently erected a western village which included the establishment known as the Golden Slipper. Although I am executive vice president of Hotel Last Frontier, Inc., Mr. B. E. Barron has full and complete charge of all the gambling operations, both in Hotel Last Frontier and the Golden Slipper, and I was not familiar with the arrangements Mr. Barron had made concerning details of the business of the commission room carried on in the Golden Slipper in the western village. Upon investigation, I ascertain the facts.

I now wish to state for your committee that the Hotel Last Frontier, Inc., has not at any time placed any lay-off bets with any bookmakers or others outside the State of Nevada. As a matter of fact, I find that the commission room referred to in my testimony has not been operated by the hotel and while Mr. Phillipps was there for a short time no lay-off bets were made outside the State. The commission room was closed and the Hotel Last Frontier, Inc., has not at any time been engaged in any type of lottery or gambling except within the State of Nevada and only then in conformity with the laws of that State. Mr. Phillipps operated the commission room on a trial basis from September 1 to 23, 1950. The arrangement was terminated on September 23, 1950. It is not the intention nor desire of Hotel Last Frontier, Inc., to engage in gambling outside the State of Nevada.

I trust you will make this additional statement known to your committee along with the testimony I gave while your committee was in Las Vegas, Nev.

Yours very truly,

W. J. MOORE, Jr.,  
*Executive Vice President.*

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